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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
REGIONAL SERVICES CENTER
for Europe and Eurasia

Issuance Date: May 10, 2001
Closing Date: June 21, 2001
Closing Time: 5:00 p.m. (Budapest time)

Subject: Request for Application No. 183-01-31
Bulgaria Pilot Community Fund and Social
Enterprise Program

The United States Government, represented by the Agency for International Development, Regional Contracting Office, USAID/RSC in Budapest is seeking applications from qualified organizations with the requisite capability and experience to implement a program in support of *Bulgaria Pilot Community Fund and Social Enterprise*, in cooperation with the U.S. Government (USG) in accordance with this Request for Applications (RFA).

USAID intends to make available \$2.8 million over a four-year period for this Initiative, subject to the availability of funding. It is anticipated that USAID will choose to support one applicant's program through a four-year cooperative agreement of approximately \$2.8 million. We hope to award the agreement by September 30, 2001.

USAID invites applications from qualified entities, such as private, non-profit organizations or for-profit companies willing to forego fees, including registered Private Voluntary Organizations (PVOs), universities, aid organizations, professional organizations, and relevant special interest associations. Potential applicants are encouraged to join forces and collaborate with other potential applicants, so as to make the best use of each organization's comparative advantage, e.g. to strengthen technical expertise in a particular sector.

USAID encourages the participation to the maximum extent of small business concerns, small disadvantaged business concerns, minority institutions, women-owned business concerns, and other disadvantaged enterprises, either as prime recipient or sub-recipients. It is expected that applicants for the cooperative agreement will make every reasonable effort to identify and make use of such concerns.

USAID considers this requirement to be primarily assistance for a public purpose, rather than the acquisition of services. Accordingly, an assistance instrument (i.e., a cooperative agreement), in lieu of a contractual relationship, has been determined to be the most appropriate vehicle for transferring U.S. institutional experience in this area to Bulgaria. Under an assistance instrument, USAID's involvement is on a partnership basis, as opposed to the relationship established under a contract where the Agency is acquiring specific goods or services for its own use or benefit.

This Request for Applications (RFA) contains this cover letter and the following:

<u>Section No.:</u>	<u>Title</u>
I	RFA Instructions and Conditions
II	Program Description
III	Selection Criteria
IV	Applicable Regulations
V	Annex A.
VI	Annex B.
VII	Sample of Cooperative Agreement Formats
VIII	Certifications, Assurances and Other Statement of Applicants

Applications must be received no later than 05:00 pm Budapest or Central European Time) (CET) on June 21, 2001. Applications and any amendments must be submitted in sealed envelopes with the name and address of the applicant and the RFA number and delivered by hand, via international mail, or commercial courier service to:

Regional Contracting Office
USAID Regional Services Center
Bank Center, Granite Tower 4th Floor
7-8 Szabadsag ter
1944 Budapest, Hungary
(Ref.: RFA 183-01-31)
Attn: Ms. Viktoria Papp

Telegraphic applications (including e-mails and attachments) are not authorized for this RFA and shall not be accepted. Loss or misdirected courier packages received after the due date will be considered as having been submitted late. Applications which are submitted late or are incomplete or non-responsive may not be considered in the review process.

For your convenience, this RFA can be viewed and downloaded via the internet. The USAID main website address is as follows:

<http://www.usaid.gov>

under the Business & Procurement icon button.

IMPORTANT: It is our custom to release a list of organizations, including contact person, expressing interest to an RFA, to other

organizations or persons who may ask for this information. This may facilitate teaming arrangements. If you would like to formally express interest in this RFA and be added to such a list, please send your notice to: **vpapp@usaid.gov**. Subject line should read "Notice of Interest", and body should address physical address, as well as e-mail return address. It is also possible that USAID/Budapest will contact those on list to alert them to amendments to the RFA. However, this cannot be assured so interested parties are reminded to check the USAID website regularly for any amendments to this RFA. Amendments to this RFA, in addition to this RFA itself will be issued on the USAID website.

Also, any questions concerning this RFA should be submitted in writing not later than 21 days before the closing date and directed to the point-of-contact for this solicitation, Ms. Viktoria Papp, by E-mail vpapp@usaid.gov or fax (Fax No. 36-1-269-5893). If it is determined that the answer to any question(s) is of sufficient importance to warrant notification to all prospective recipients, this RFA will be amended to provide such question(s) and answer(s). Therefore, questions should be submitted sufficiently in advance of the due date to allow preparation of such amendment. If it is determined that any question(s) do not warrant an amendment to the RFA, the Agreement Officer will respond to the questioner.

Thank you for your consideration of this USAID program. We look forward to your organization's participation.

Sincerely,

Andrew Holland
Agreement Officer
Regional Contracting Office
USAID/RSC - Budapest

SECTION I

RFA INSTRUCTIONS AND CONDITIONS

A. PREPARATION OF APPLICATIONS

1. GENERAL

The program covered by this RFA is authorized in accordance with the Foreign Assistance Act.

USAID/Budapest is following competitive procedures consistent with Chapter 303 "Grants and Cooperative Agreements to Non-Governmental Organizations," of its Automated Directives System (ADS). The ADS is available via the USAID website:

<http://www.usaid.gov/pubs/sourcebook/usgov/uspv.html>

<http://www.usaid.gov/pubs/ads/300/303.htm#303.5.10>

Issuance of this RFA does not constitute an award commitment on the part of the Government; USAID reserves the right to decide not to support any applications received. USAID will not pay for costs incurred in the preparation and submission of applications.

The Applicant shall submit an application directly responsive to the terms, conditions, specifications, and provisions of this RFA. Applications not conforming to this RFA may be categorized as unacceptable, eliminating them from further consideration. The penalty for making false statements in applications to the United States Government is prescribed on 18 U.S.C. 1001. Applicants are requested to.

USAID anticipates supporting only one applicant, i.e. funding only one award. However, USAID reserves the right to fund more than one applicant, for all or part of each applicant's program. USAID's decision whether to make multiple awards will include consideration of the additional administrative effort and cost to manage more than one award, as well as the anticipated program benefits of doing so, as determined by USAID.

The cooperative agreement will be administered in accordance with USAID Regulation 22CFR226, relevant OMB Circulars and USAID Standard Provisions. The sample agreement format included with this RFA will serve to illustrate a typical agreement. Relevant regulations, provisions and circulars are available via the USAID website, including via links found in ADS Chapter 303.

Pursuant to 22 CFR 226, it is USAID policy not to award profit or fee under assistance instruments. However, all reasonable, allocable, and allowable expenses, both direct and indirect, which are necessary to conduct the program and are in accordance with applicable cost principles (OMB Circular A-122 for non-profit organizations, OMB Circular A-21 for universities, and the Federal Acquisition Regulation (FAR) Part 31 for-profit organizations), may be reimbursed by USAID under the cooperative agreement.

It is USAID policy that the principle of cost-sharing is an important element of the USAID-recipient relationship. Applications should describe the applicant's plan to secure contributions from non-Federal sources for its program. Cost share is defined in 22CFR226 and USAID implementation of its cost share policy is described in ADS 303 and its automated links to other USAID resources. While cost share is requested and will be considered during evaluation of applications, its application is flexible and case specific. If the applicant feels that it should not be required to cost share or if its cost share contribution might be less than it might ordinarily offer, then it should describe the situation in its application.

The Program Description included in this RFA serves to describe a specific type of activity or methodology that USAID intends to support. It indicates the range of activities that might be involved, as well as established goals of the activity which the applicant can expect to be able to demonstrate the ability to materially affect.

The Selection Criteria included in this RFA are what USAID will use to evaluate applications. Numeric weights or other descriptions serve to indicate relative importance of the criteria. To facilitate the evaluation panel's review, it is recommended that applications specifically cite and address each criterion. These criteria are not intended to prohibit or discourage Applicants from submitting information in addition to the primary evaluation criteria, but merely to facilitate a uniform approach to application preparation.

The application should be divided into two volumes: Technical and Cost, as detailed below. The evaluation panel will be provided with the cost volume and asked to participate in the cost realism and reasonableness analysis.

Applications shall be submitted using the Standard Form 424 (SF424), including SF424a and SF424b, and shall be signed by an authorized representative of the organization.

The enclosed certifications must be included in the cost volume for the prime applicant as well as for any organizational team members whose reimbursable work under the agreement would be expected to exceed \$100,000.

Applications must be valid at least through September 30, 2001.

Applications must be submitted in hard copy in two separate volumes: **one original plus four (4) copies of Technical Application, and one original and two (2) copies of Cost Application.** In addition, electronic copy of Applications in one 3.5-inch diskette of both applications should also be submitted. Text and spread sheet portions should be in the format of MS-WORD and Excel.

2. TECHNICAL VOLUME

The technical application is the critical item of consideration in USAID's funding and award decision. It should be specific, complete, and presented concisely. The technical application must set forth in detail the applicant's program, including strategies, activities,

expected results and indicators of progress or effectiveness of results. The technical volume must clearly address each evaluation factor. The curricula vitae of key or other identified personnel, any organizational or personal letters of commitment, and past performance information (including contacts for reference checks) for the prime organization and any organizational team members, shall be included.

Summary cost information, such as the SF424 budget summary may be included. Also summary cost information on the planned subgrant program, including the size or total amount of subgrants, and cost share contributions.

It is important that the technical volume describe the applicant's entire program, including the portion which would be funded by USAID, the portion that would be funded or provided through cost share, and how each compliments the other. USAID's evaluation will include consideration of the entire program. The technical volume of the application accordingly must summarize the amount to be funded by USAID, the amount to be funded through cost share, as well as the overall program amount. The type(s) of cost share contribution must be described, as well as its advantage (e.g. program impact, budget benefit, etc.) to the program as a whole.

3. COST VOLUME

The cost volume shall be submitted using the Application for Federal Assistance (Standard Form 424), Budget Information (Standard Form 424a), and Assurances (Standard Form 424b). These forms are available in this RFA and can also be found at:

http://www.info.usaid.gov/procurement_bus_opp/procurement/forms/SF-424/

The cost volume shall also include whatever information is necessary to adequately support and explain proposed costs, including any detailed basis for the valuation of cost share. It shall contain as a minimum:

3.a. A detailed analysis of level of effort including specific personnel, rates of compensation, and amount of time proposed. Position titles should be consistent with the Technical Volume to facilitate comparisons during the review.

3.b. Details of all other direct cost items for supplies and equipment.

3.c. A Negotiated Indirect Cost Rate Agreement (NICRA) from the cognizant Government Audit Agency stating the latest audited indirect cost rates, the base to which such rates are applied and the method of application. If a NICRA is unavailable, submit sufficient information to allow USAID to determine the reasonableness of the rates. (For example, a breakdown of labor bases and overhead pools, the method of determining the rate, annual financial statement, etc.)

3.d. Indicate whether or not the institution's accounting system has been approved by any Government agency; if so, provide the name, address, and telephone number of the cognizant auditor.

3.e. Applicants shall submit sufficient evidence of responsibility for the Agreement Officer to make a determination of responsibility. The information submitted should substantiate that the Applicant:

3.e.1. Has adequate financial resources or the ability to obtain such resources as required during the performance of the Cooperative Agreement.

3.e.2. Has the ability to comply with the cooperative agreement conditions, taking into account all existing and currently prospective commitments of the Applicants nongovernmental and governmental.

3.e.3. Has a satisfactory record of performance. In the absence of evidence to the contrary of circumstances properly beyond the control of the Applicant, Applicants who are or have been deficient in current or recent performance (when the number of grants, contracts, and cooperative agreements, and the extent of any deficiency of each, are considered) shall be presumed to be unable to meet this requirement. Past unsatisfactory performance will ordinarily be sufficient to justify a determination of non-responsibility, unless there is clear evidence of subsequent satisfactory performance. The Agreement Officer shall collect and evaluate data on past performance of Applicants using information on past programs provided in accordance with SECTION II.

3.e.4. Has satisfactory record of integrity and business ethics; and

3.e.5. Is otherwise qualified and eligible to receive a cooperative agreement under applicable laws and regulations (e.g., Equal Employment Opportunities).

3.f. Completed Certifications and other Required Information in SECTION VIII. A completed set is also required for each application organizational team member whose work is expected to exceed \$100,000.

3.g. If a budgeted salary or compensation package represents a deviation from the employers established policy and procedures, the cost volume must explain the basis for the proposed amount.

3.h. The cost application shall be presented in such a manner as to clearly differentiate between costs proposed for USAID funding, and costs proposed for funding by the Recipient or other organizations, if any (see SF-424 in Section VI of this RFA).

3.i. If the Applicant intends to use sub-contractors or sub-recipients, indicate the extent intended, the method of identifying subcontractor and sub-recipients, the extent to which competition will be used, and a complete cost breakdown. Subcontracts/Sub-agreements - This may include implementation arrangements and research activities as determined by the Applicant. Applicants should provide a detailed breakdown of anticipated subcontracting/sub-agreement costs (i.e. salaries, fringe, travel, other direct costs, indirect costs, and fee, if any) to support this line item.

3.j. Items of cost should be shown as the following line items:
Direct Labor - In addition to direct labor costs, the cost application should also indicate the number of paid absence (vacation, holiday, sick) days, and the method of recovering costs for paid absence days

i.e., through direct labor charges, fringe benefits, or indirect costs).

Fringe Benefits - If accounted for as a separate item of costs, fringe benefits should be based on the Applicant's audited fringe benefit rate (see A.2.c. above) or historical cost data. If the latter is used, it should be supported by a detailed breakdown comprised of all items of fringe benefits (e.g., Unemployment Insurance, workers compensation, Health and Life Insurance, retirement, FICA, etc.) and the costs of each, expressed in dollars and as a percentage of salaries.

Supplies and Equipment - the cost application shall differentiate between expendable supplies and nonexpendable equipment.

Travel and Per Diem - Number and cost of trips proposed.

Other Direct Costs - This includes communications, report preparation costs per Section E., of the cooperative agreement Schedule, passports, visas, medical exams and inoculations, insurance (other than coverage recovered through indirect costs), etc. The Applicant shall provide a breakdown and support for all other Direct Costs.

Indirect Costs - Indirect Costs should be budgeted and supported as described above. If the Applicant proposes to absorb some or all of its Indirect costs as cost-sharing this shall be so indicated.

Fee - No fee or profit shall be awarded under assistance instruments.

3.k. If request for a waiver concerning source, origin, nationality or other waiver type is anticipated, please describe in the cost volume.

B. UNNECESSARILY ELABORATE APPLICATIONS

Unnecessarily elaborate brochures or other presentations beyond those sufficient to present a complete and effective application in response to this RFA are not desired and may be construed as an indication of lack of cost efficiency. Elaborate artwork, expensive paper and bindings, and expensive visual and other presentation aids are neither necessary nor wanted and may reflect unwise spending practices.

Applicants considered competitive may be asked to make oral presentations, involving all key staff, to the Review Panel. At the time of presentations, the Review Panel would engage the Applicant(s) in discussions about any aspect of their application. This would provide the Applicant(s) an opportunity to clarify any issues.

C. ACKNOWLEDGMENT OF AMENDMENTS TO THIS RFA

Any amendment to this RFA may be acknowledged in the cover page of the application, in either the technical or cost volume. It may also be acknowledged via separate email or fax received by the due date by either the assigned acquisition specialist (Ms. Viktoria Papp) or agreement officer: aholland@usaid.gov.

D. RECEIPT OF APPLICATIONS

Applications must be received at the place designated by the date and time specified in the Cover Letter of this RFA to be considered responsive.

E. WITHDRAWAL OF AN APPLICATION

An applications may be withdrawn by written notice or telegram (including mailgram or e-mail) received at any time before award, by an appropriate official of organization.

F. RESTRICTIONS ON DISCLOSURE AND USE OF DATA

Applicants who include in their applications data that they do not want disclosed to the public for any purpose or used by the Government except for evaluation purposes, shall -

F.1. Mark the title page with an appropriate legend, such as the follow example:

"This application includes data that shall not be disclosed outside the Government and shall not be duplicated, used, or disclosed - in whole or in part - for any purpose other than to evaluate this application. If however, a Cooperative Agreement is awarded to this Applicant as a result of - or in connection with the submission of this data, the Government shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting Cooperative Agreement. This restriction does not limit the Government's right to use information contained in these data if it is obtained from another source without restriction. The data subject to this restriction are contained in sheets [insert numbers or other identification of sheets]"; and

F.2. Mark each sheet of data it wishes to restrict with the following legend:

"Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this application."

G. EXPLANATION TO PROSPECTIVE APPLICANTS

Any prospective Applicant desiring an explanation or interpretation of this RFA must request it in writing no later than 21 days before the closing date. This is to allow enough time for the Agreement Officer's reply to reach all prospective Applicants before the applications closing date.

Oral explanations or instructions given before award of the Cooperative Agreements shall not be binding. Any information given to a prospective Applicant concerning this RFA shall be furnished promptly to all other prospective Applicants as an amendment of this RFA, if that information is necessary in submitting applications or if the lack of it would be prejudicial to any other prospective Applicants.

H. ALTERNATE APPLICATIONS

If you desire to submit an application on other terms which you believe offers greater value, price or other factors considered, you should submit, in addition to a responsive application, an alternate application reflecting such advantages. An application directly responsive to this RFA must be submitted before consideration can be given to an alternative application.

I. AUTHORITY TO BIND THE APPLICANT

The cost volume of the Applicant's application must identify the individual(s) having authority to bind the Applicant. It is also to name the person to be contacted both during the period of evaluation of applications and for negotiations leading to award. This information is to include: name, title, address phone number, internet e-mail, and facsimile number (if available).

J. AUTHORITY TO OBLIGATE THE GOVERNMENT

The Agreement Officer is the only individual who may legally commit the Government to the expenditure of public funds. No costs chargeable to the proposed Cooperative Agreement may be incurred before receipt of either a fully executed Cooperative Agreement or a specific, written authorization from the Agreement Officer.

END OF SECTION I

Section II

Program Description

Bulgaria Pilot Community Fund and Social Enterprise Program

I. Purpose

USAID intends to award a cooperative agreement for the implementation of a pilot program to develop new mechanisms for the financial sustainability of Bulgarian non-governmental organizations (NGOs) and increase participation by businesses, citizens and local government in future of the NGO sector. It is envisioned that this program will have two distinct components - community funds and social enterprises. In particular, through this RFA, USAID will fund a program that assists (1) targeted communities to increase multi-sector participation and establish viable community funds, and (2) social service NGOs serving vulnerable groups to engage in economic enterprises that support their mission.

II. Background

A. The Non-Governmental Sector

Despite growth in the number of active NGOs, improved advocacy skills and a more favorable legal environment, the future sustainability of Bulgarian NGOs is still fragile. The financial viability of the sector remains low (with the exception of strong NGOs mainly located in Sofia.) NGO budgets are not very diversified and they remain pessimistic about alternative funding sources. NGOs have had limited success in attracting volunteers and there are generally low levels of citizen participation in NGO activities.

One of the major barriers to NGO sustainability in Bulgaria has been the lack of financial resources. Dependent on financial support from international donors, Bulgarian NGOs tend to respond to donor goals rather than the needs of their constituents. The general public is not well informed about NGO activities. In addition, there is a relatively low level of citizen and business engagement in civic affairs.

Very few NGOs actually earn income, an ability that was, until now, hindered by ambiguous and unreceptive NGO legislation. Under the new NGO law, however, NGOs are allowed to perform economic activities related to the main purpose of the organization and to use the return from such activities for their operations. Although the law is not perfect, it opens the way for Bulgarian NGOs wishing to engage in economic activities and creates new opportunities for innovative approaches toward NGO sustainability.

B. Philanthropy in the Bulgaria Tradition

In the pre-soviet era, Bulgaria had a tradition of philanthropic activity, with the construction of numerous schools, churches, monuments, and other facilities financed through charitable giving. The Bulgarian Orthodox Church was socially active (involved with hospitals, aid to the elderly, dining halls for the indigent). Many communities maintained funds to provide stipends for local students to attend schools in Sofia and overseas. Often these operated to a degree as revolving funds with the recipient replenishing the fund later in life.

During the communist era the Bulgarian Church was prohibited from undertaking social services and organized private philanthropy lapsed altogether. Moreover, the concept of "volunteerism" acquired a pejorative connotation as citizens were coerced into volunteering their labor in the service of the state, often in the form of neighborhood brigades. A decade into the transition period, this legacy still inhibits efforts to re-instill an ethic of voluntary community service—and to fully revive the relatively dormant, philanthropic tradition which (in the not too distant past) characterized Bulgarian society.

The country's economic circumstances remain a constraint. The pool of prospective donors remains a shallow one. In the typical community, only the exceptional business can look to the history of profitability over an extended period that would enable it to make sizable donations with comfort. Few, if any, individuals are wealthy enough to step forward as major benefactors. And, the average household lacks the discretionary income to make more than a token contribution of a few leva.

Despite these constraints, there are encouraging signs that a philanthropic tradition survives. Much of this charitable giving takes the form of in-kind goods and services or funds raised on a one-time basis for a particular purpose. One can even find examples of small local NGO service providers supporting themselves entirely from small donations or volunteer labor.

A September 2000 Bulgarian Charity Aid Foundation (BCAF) survey on Corporate Philanthropy and attitudes toward giving found that 60% of Bulgarian businesses give charity in one way or another. Generally motivated by a "moral obligation", those that give tend to make charitable contributions to individuals, rather than non-profit organizations. A recent national survey (by MBMD Institute for USAID) revealed that roughly 52 % of the Bulgarian population would be prepared to participate in NGO activities, if they were asked. Thirty-four percent of the respondents said they would be willing to give money, if they were asked.

C. Local Community Funds

It is USAID's belief, that the constraints mentioned above could be overcome through facilitation of creation of Community Funds based in selected communities. For the purposes of this RFA, we define a Community Fund (CF) as a community-based non-governmental organization that mobilizes local philanthropic resources (including time, money or talent) and allocates those resources for local social or public purposes primarily carried out by other local non-governmental organizations. In addition, the CF allocates its resources based on priority community needs identified through the multi-sectoral nature of the CFs management.¹

¹ Despite the fact that the CF will have to register as a foundation under the Bulgarian legislation, there is an important distinction which has to be made between Community Foundations and Community Funds. While Community Foundations may not only accumulate funds, but also directly engage in project activities, the role of the Community Fund is to accumulate philanthropic resources and to distribute those to other organizations for project implementation.

Community funds offer an opportunity to address some of the major barriers to NGO sustainability. By funding NGO activities from the local community, it ensures NGO accountability to the people they serve, rather than external donor organizations. It also engages the private sector and average citizens (people who otherwise may be disinterested in the NGO sector) in supporting non-governmental efforts to develop their community.

Some efforts have already been made in Bulgaria under various international donor auspices to establish local philanthropy on a more organized basis by establishing community funds and foundations. This includes funds established in several municipalities with some facilitation and training assistance from the Foundation for Civil Society Development (CSDF). It also includes efforts of the Charles Stewart Mott Foundation and Open Society Foundation (OSF) to transform the local Open Society Clubs into community philanthropic organizations.

Still relatively new, these funds have already accomplished the important and sometimes difficult step of persuading the mayors and members of the Municipal Councils of the need to establish local community funds. In some instances, the city government has agreed to join specific partnership initiatives and/or to allocate some budget and in-kind support. The funds have also had some success in raising funds from international donors, in identifying needs and setting spending priorities in a systematic way, and in allocating funds to finance NGO projects.

Community Funds can take many forms. Another example is the Sevlievo 21st Century Association, an example of a local business sector taking the lead in forming an organization dedicated to raising local support for the social and economic development of its community.

In December 2000, USAID carried out an assessment to determine the feasibility of establishing viable community funds in several Bulgarian cities. The assessment was carried out in two stages. During stage one, in addition to consultations with USAID, the study team interviewed approximately twenty representatives of international donors and Sofia-based NGOs with two ends in view:

- To obtain recommendations on the four subject cities to be used as the subjects for Stage Two assessment as pilot program sites; and
- To obtain informed perspectives on existing community fund initiatives and the overall feasibility of developing community based philanthropy and community funds within the Bulgarian context.

Based on these consultations, and on comparative statistical information, the assessors selected four cities (Blagoevgrad, Bourgas, and Gabrovo, Smolyan) as the prime subjects for the Stage Two field investigations. The main criteria were general reputation of municipal leadership, the relative development of the NGO sector, reportedly good relations between city hall and both the NGO and business communities, prior or current participation in related international donor initiatives, and economic well-being (at least in relative terms). All four cities were in the upper echelon of the recent UNDP Human

Development Index rankings. The assessors also proposed to conduct some supplementary interviews in Chepelare, a small resort center a short distance from Smolyan. Subsequently (during the team's first visit to Gabrovo), they learned of a promising philanthropic model organization in neighboring Sevlievo, and added supplementary interviews in that community to the research program.

During Stage One, and continuing throughout the study, the team conducted phone interviews with several representatives of organizations (e.g. The Ford Foundation, the Charles Stewart Mott Foundation, United Way International) who are familiar with local philanthropic initiatives elsewhere in Central and Eastern Europe.

During Stage Two, the team carried out fieldwork in the four prime subject communities as well as Chepelare and Sevlievo:

- A citizen survey of 50 households in each of the prime four subject cities (total sample of 200) that used a structured questionnaire to assess representative attitudes towards philanthropic giving and volunteerism. (For an overview of the survey findings and a compilation of the responses to the questionnaire, please see Annex A.)
- In each city, a set of interviews with leaders from local government, the NGO, and the business community.
- In each city (including Chepelare and Sevlievo) a two to three hour focused group session that brought together local leaders from the three sectors to explore the feasibility and design options for achieving a more systematic mobilization of local philanthropic resources through some form of community fund.

When clearly explained, the CF concept was met with interest from NGO's, businesses and local government. USAID believes that Blagoevgrad and Chepelare have the greatest potential for new community funds, but it is also feasible in Gabrovo. USAID has decided to exclude Smolyan from the pilot based on the belief that Smolyan and Chepelare might be competing for the same business community: therefore, the program is envisioned to begin in Blagoevgrad, Chepelare and Gabrovo. Other locations may be included by the Applicant if the Applicant has a knowledge of cities which are willing to work in this direction. Annex B provides more details on the studies carried out in these cities.

A comparative international perspective on community funds and community foundations can be found in Annex A. The annex discusses examples of United Way, as well as Community Foundations in Slovakia and Poland.

D. Legal Considerations

Bulgarian laws that govern NGO operations do not define a "fund" as a type or form of organization, so funds have traditionally been registered as foundations. The recently enacted *Not-for-Profit Legal Entities Act* (NPLEA) provides an improved legal framework for NGOs in general, including prospective community funds. Despite the fact that present tax laws may pose some constraints for local fundraising,

suggestions for expanded and harmonized tax incentives for philanthropic donations have been developed and are likely to be adopted by the new Parliament in the fall of 2001.

E. Community Participation and Involvement

Participation by the major stakeholders - citizens, local government and business sector - is limited, at best. While the working relationship between local government and NGOs is generally good, it has been more difficult to get the businesses involved.

There are precedents for donor supported multi-stakeholder dialogue and partnership, but there is no indication that these processes will be institutionalized. Such precedents include the US Department of Labor's PLEDGE project that has facilitated stakeholder dialogue and priority setting in 29 Bulgarian communities. The Swiss Interassist "Public Forum" process being implemented in several Bulgarian communities follows a model quite similar to that of PLEDGE.

Since 1997, the Foundation for Local Government Reform (FLGR) has been carrying out a "Partners for Local Development Program" in two municipalities in the Rhodope region. The program supports a stakeholder process aimed at participatory problem identification and collaborative planning of local initiatives. FLGR's "Effective Partnership Program" will provide grants on a competitive basis (with a small local matching requirement) to NGOs proposing joint projects with municipal authorities.

F. Social Enterprises

Until recently, NGOs were either prohibited or discouraged by law from engaging in business activities, even if those supported their mission. The recently enacted *Not-for-Profit Legal Entities Act* (NPLEA) provides an improved legal framework for NGOs in general, and for NGOs wishing to engage in alternative forms of income generation, in particular. The new law permits NGOs to establish economic enterprise as long as the enterprise is within the scope of their mission and that returns are reinvested in their public purpose activities.

Despite the previously unfavorable legal environment, our research proved that many NGOs in Bulgaria have experimented with income-generating activities and many of them are operating potentially viable business enterprises. Some examples include:

- Several "School Boards of Trustees" have started enterprises, including setting up income-earning computer labs for parents or other adults in the community, internet cafes, bookstores and catering/restaurant services. Profits from the businesses are reinvested into the local schools.
- Another NGO has set up a home-based enterprise for blind women who produce sweaters and knitted products from their home that NGO markets and sells. Profits are used to service the NGO's disabled clientele.

NGOs providing social services or serving vulnerable groups are prime candidates for establishing social enterprises. Through economic enterprises, they can both earn funds to sustain their services, and provide employment opportunities for their constituents. In addition,

they may be able to positively use their mission (serving the needy) in marketing their product or service. In particular, there may be interest in such economic enterprises among NGOs serving the disabled.

Clearly, this is a new prospect and opportunity for NGOs and there is a need to better understand the implications of the new law. But, there is also some suspicion as well. Many Bulgarians still regard profit with suspicion. Within NGO circles, some may fear that "profit" could lead to corrupt NGO practices. Although law prohibits such a practice, some may worry that NGOs will distribute profits to their Board, rather than reinvest it in other social services. It will be a special challenge for NGOs to balance their primary mission with their new business interest. This could have implications for their organizational structure. NGOs will also need to find their special niche - a viable business that serves their primary mission.

In addition to the organizational and ideological considerations, NGOs clearly lack many of the skills needed to operate a profitable business. While they may be very capable non-profit managers, they will need, among other things, additional business management skills and marketing skills. In addition, there are no established mechanisms for NGOs to obtain the seed capital to start a business. Like many small and medium enterprises, most NGOs do not have the collateral required to obtain a traditional commercial loan, even if they could afford the market interest rates.

In its broad definition, social enterprises can include any private enterprise (not just NGO operated) that fulfills a social/public purpose. For the purposes of this RFA and the proposed program, USAID is narrowing the definition to supporting the development of business enterprises that are directly operated by social service NGOs and that relate to their mission.

III. Program Description/Objectives

USAID/Bulgaria is interested in supporting a program to advance community funds and social enterprises.

A. Period of Award and Location

USAID support for the community fund and social enterprise activity is expected to last four years, including a pilot and a roll-out phase. The geographic locations for the community funds component include the cities of Blagoevgrad, Chepelare, and Gabrovo. The Applicant is free to offer for consideration other locations if the Applicant considers those feasible. The Applicant must be able to assist already existing funds, such as Sevlievo, Burgas and Plovdiv if they request the Applicant's assistance. The geographic location of the social enterprise component will depend on the location of the NGOs that are willing to create or are already creating social enterprises. (For more information, please see increase option V.D.)

B. Application

Applicants must present a technical and cost proposal that includes all activities, a performance monitoring plan with proposed indicators, demonstrated organizational capacity and qualifications of key personnel. The Applicant must describe approaches to implementation of activities through a combination of technical assistance, training, small grants or other support that address the objectives laid out in the program description. The Applicant may be a U.S., Bulgarian or

other Central/Eastern European organization. If the lead Applicant is a U.S. or other CEE organization, they must identify a Bulgarian counterpart organization(s) as a co-implementer. Applicants must demonstrate their familiarity with the Bulgarian NGO sector and their expertise in organization of or assistance to philanthropic intermediaries or NGO business enterprises.

C. Results

This activity will be part of a USAID-funded intervention to support the Strategic Objective that builds the capacity of indigenous NGOs to play a key role in facilitating broad public participation in policy and decision making. The Recipient will be responsible for assuring that the specific results as set forth in the Program Description are achieved. These results will be incorporated into the award, as outlined/discussed below.

Applicants must propose results indicators and benchmarks most appropriate to its proposed methodology and approaches, and ones that provide the most direct measure toward the achievement of intermediate results. This includes proposing realistic targets for the performance indicators.

The primary goal of the proposed program is to establish new mechanisms for NGO financial sustainability and broader private sector and citizen participation and support for the NGO sector. The program must address both viable, self-sustaining community funds and the opportunities and barriers for NGOs operating their own business enterprises. The program must seek to promote the values of participation, cooperation, transparency and accountability and must be designed to develop a capacity in NGOs (and support organizations) that can be sustained beyond the USAID funding period.

In developing the program approach, particular attention must be paid to gender implications and opportunities.

The design must address the following objectives:

1. Developed Community Funds (CFs) in Selected Bulgarian Communities

1a. Viable Community Funds Established in Selected Bulgarian Cities

To address the need for community support of NGO activities, the program must assist in the development of functioning and sustainable community funds in the cities of Blagoevgrad, Chepelare, and Gabrovo, and/or the other cities, as proposed by the Applicant, where community funds do not currently exist. The CF must be perceived as the product and responsibility of the community at large (citizens, business and local government), and local donors must feel some ownership of and identification with the new organization. There are many legitimate ways to organize a CF, but at minimum, the CF must be:

- (1) a registered legal entity with a governing board and procedures in place to identify community priorities and fund those priorities; and a developed long-term strategy, including financial sustainability strategy
- (2) able to mobilize local resources (cash, in-kind and volunteer) and apply them to local NGO activities as demonstrated by amount of resources accumulated from local sources

It is extremely important that the Community Fund is developed with strong business participation. The design must seek solid economic assistance from the existing business community infrastructure, such as existing well-established businesses, involve local businesses from the start and address possible incentives to ensure business participation.

Applicants must describe their approach to establishing viable community funds in Blagoevgrad, Chepelare, Gabrovo and other towns as suggested by the Applicant.

1b. Increased community participation in and awareness of NGOs, and increased multi-sectoral cooperation

The program must include activities to raise public awareness of NGOs and encourage multi-sector (business, citizens, local government) partnerships, particularly in the cities where community funds will be established. This support must encourage multi-sector cooperation, demonstrate the value of participation to the community and generally further prepare the community for a CF. The Applicant must describe what methods it will use to motivate the community.

1c. Significantly Increased Local Fundraising

The program must not lose sight of the ultimate importance of local fundraising. As a principle, the communities and the community funds must be encouraged to provide a match (cash or in-kind). Ultimately, the sustainability of the community funds will depend on their ability to mobilize local resources, including volunteers, in-kind donations and cash. Therefore, special attention must be paid to involvement of local donors, such as businesses, business associations and citizens. The Applicant must describe their approach to promoting such local philanthropy and aim of having a substantial amount of the fund's resources to come from diverse local sources at the end of the program. The Applicant must propose benchmark as to what percentage of funds are envisioned to come from local resources at the end of the program.

1d. Informal Community Fund Network Established

The program must assist in the establishment of an organized Bulgarian network of local community funds, including both the pilot funds created through this program and existing types of community funds.

The comparative international experience and Bulgarian precedents offer valuable lessons for establishing and operating community funds. In particular, there is recent successful community fundraising experience in other Central and Eastern European Countries where similar organizations exist. (For example: Poland, Czech Republic, and Slovakia, to name a few.) The Applicant must provide information to their approach to incorporating this comparative experience.

1e. Documented Lessons Learned in Community Fund Formation and Operation in Bulgaria.

As the program begins to achieve some results, they must be documented in forms that can help inform subsequent dissemination and replication efforts. Some of the topics the program could demonstrate and document, in the Bulgarian context, include:

- One or more organizational models for a Community Fund;
- Productive methods of community dialogue for establishing priorities for targeted activities.

- Effective fund raising techniques directed at both businesses and individual donors;
- Transparent and competitive means for distributing funds to worthy purposes;
- Transparent and accountable management of financial resources.

1f. Existing Community Funds Assisted

As indicated in the background, there are already several community funds developing throughout Bulgaria. Those funds, such as the Sevlievo 21st Century association are inherently different and at different levels of development. If the leaders of the existing funds have the interest in and willingness to commit to developing further as a model form of philanthropic fund then assistance must be extended to them. However, assistance must be requested by the funds and not donor driven.

1g. Special focus on women and minority groups

The Applicant is requested to analyze issues pertaining to women and minority groups in each of the communities. The Applicant must incorporate in the program design elements addressing the issues identified above, as well as elements targeted at building public awareness of those issues, community participation in their resolution, as well as elements targeted at equal opportunities and equal access to services for women and ethnic minorities. The Applicant shall target for maximum participation of women and minorities in the funds' decision-making, as well as incorporating these issues in the funds' strategy.

2. Assistance and Support for Social Enterprises

USAID/Bulgaria envisions two stages for the social enterprises component.

2a. Opportunities and Barriers for NGO Social Enterprises Identified

The program must include identification of NGOs engaged in business activities that are related to their mission. As much as possible, the Applicant must identify possible barriers (legal or otherwise) and possible opportunities for existing and future enterprises. The Applicant must propose an approach that engages Bulgarian NGOs and NGO support organizations in the identification process. The result of this stage must be:

- Identification of Bulgarian NGOs currently engaged in economic enterprises and the type of NGO (social service, serving vulnerable groups, etc.)
- Identification of NGOs with the potential for establishing successful enterprises
- Identification of training technical assistance needs for NGOs operating enterprises
- Identification of potential Bulgarian training and technical assistance providers (i.e. NGO support organizations, business centers, consultants)
- Identification of potential financial resources for NGO business enterprises
- Clarification of NGO social enterprise registration procedures and accounting requirements

- Review of current taxation and other possible impediments to NGO enterprises
- Recommendations for improvement or changes of the assistance program to be implemented in stage 2 (including a plan for securing sources of finance for NGO social enterprises.)

2b. Established Financially Viable NGO-Operated Business Enterprises

The program must include assistance to NGOs currently operating enterprises and other NGOs that plan to start an enterprise linked to their mission, and the Applicant must propose a mix of both. The program must result in not less than ten financially viable social enterprises that can serve as models to other NGOs and fulfill the following criteria:

- A decision on the type of enterprise must be carefully assessed with the best experts in the field. The enterprise must have a high chance of survival on the respective market, be financially sound, produce a good quality product or service and represent a competitive business
- The enterprise must provide a reliable flow of income to the NGO,
- The enterprise must employ NGO constituents (thus overcoming their social isolation), and/or provide services and products serving the NGO's constituents.

The Applicant must describe their approach to achieving viable NGO enterprises. The approach shall be revised at completion of Stage 1, however, it is important that the Applicant proves to have a vision and understanding of the social enterprise concept in the application itself.

2c. Improved and Institutionalized NGO Access to Financial and Technical Resources for the Future Development of Economic Enterprises that Advance Their Mission

The Applicant must work closely with other USAID supported programs in the field of SME development such as Firm Level Assistance Group (FLAG), Opportunity International, Catholic Relief Services (CRS), Nachala Cooperative, Bulgarian American Enterprise Fund (BAEF), CARESBAC and not duplicate available resources in the SME field.

When making the decision which social enterprises to target, the Applicant shall work with NGOs targeting minority and women groups as a matter of priority.

3. Coordination with Other Donors

The program must coordinate with other USAID activities and other donors (and their programs) who are working in the field of NGO support, social enterprises, corporate or community philanthropy and other related areas.

4. Lessons Learned and Best Practices Documented, as well as a guide how NGOs can establish social enterprises developed.

For the purposes of this program a successful Community Fund is the one which has managed to attract a significant number of local business and individual donations, increasing on a yearly basis; that is strongly supported by businesses, NGOs and citizens in the community, both by participation in the funds management and by high visibility and

support of its activities; which has managed to ensure long-term commitments from local stakeholders, has completed at least one full grant-making cycle, and has clear chances of survival and continued operations without USAID support. A successful social enterprise will be the one which is profitably operating and reinvesting the returns in its social services. At the end of the pilot stage of the program we are looking towards at least three community funds and at least ten social enterprises. Thus, the program will have created successful models to reduce NGO dependency on foreign donors as well as successful models for NGO sustainability and local resource mobilization. This will directly contribute to IR 2.1.1 Strengthened Capacity of Governmental Organizations and SO 2.1 Increased, Better Informed Citizens' Participation in Public Policy Decision-Making.

IV. Staffing

The Applicant must commit to providing an appropriate mix of long-term and short-term technical assistance that the Applicant considers necessary to carry out program. Applicants must feel free to suggest a creative mix of US/regional and Bulgarian technical assistance team that they believe will best address the program objectives described, with at least 2 US/regional residential staff, depending on the nationality of the prime organization.

V. Planning, Implementation and Management

A. Technical Reports and Workplans

Initial Implementation Plan: Within 45 days of the signing of Cooperative Agreement, the Recipient will present an annual implementation plan to the USAID/Bulgaria CTO for review and approval. This plan must include the recipients proposed monitoring and evaluation plan, which must establish specific impact indicators, targets and progress benchmarks. All people-level indicators must be disaggregated by gender.

Annual Implementation Plans: Implementation plans for subsequent years are due 60 days before the end of the preceeding project year. These plans must include the kinds, amounts and timing (to the extent known) of short-term assistance to be provided during each year.

Quarterly Performance Reports: The recipient shall submit quarterly performance reports based on USAID's fiscal years quarters (October - December, Jan-March, April-June, July-Sept). These reports must summarize Recipient's activities, including discussion of any potential constraints that might prevent the Recipient from meeting agreed upon targets and benchmarks. Each quarterly report will be due 30 days after the end of the quarter then ended.

Annual Progress Report: The report will be included in the fourth quarterly report. This report will summarize the Recipient activities during the year, identify, include annual performance indicator data and an assessment of the programs ability to achieve the desired results. The report shall coincide with the US Government Fiscal Year. Annual reports are due 30 days after the end of the fiscal year.

Final Report: The last quarterly report will include (a) a summary of all activities conducted during the life of the Cooperative agreement, (b) an assessment of effectiveness against objectives for the overall program and for each component, and (c) recommendations for possible

future assistance. The report must elaborate the issues and problems that emerged during program implementation, and discuss the lessons learned in dealing with them. The final report must also include a financial report detailing how funds were expended by line item. The final report is due 90 days following termination of the agreement.

Data Collection, Training material and Technical Reports: all data, documents and materials submitted to partners, other donors and other assistance providers must be submitted to the USAID CTO before they are distributed. The Recipient will also provide the USAID CTO with all analyses, evaluations of training activities, instructional materials, procedural and operational manuals, etc.

Oral briefings: as requested by the USAID CTO. In addition, USAID will approve key personnel as well as will participate jointly in some of the key stages of the program, which will be defined in the substantial involvement clauses of the Cooperative Agreement. Illustrative substantial involvement clauses can be found in Section VII.

B. Performance Evaluations and Monitoring

The recipient must set forth a comprehensive monitoring and evaluation plan that measures impact and progress toward achieving results. The monitoring and evaluation plan must include indicators, targets, data sources and collection methods, baseline information, benchmarks and periodic evaluations, and a mid-term evaluation. It is anticipated that the Recipient will collect baseline information within the first 60 days of the award and that data will be collected for the period conforming to the US Government Fiscal Year and reviewed annually.

The plan must include mechanisms through which findings can be incorporated, on a continual basis, to the implementation process. Applicants must discuss the ways in which the collection, analysis and reporting of performance data will be managed under the Activity. All data collected must be disaggregated by gender, if applicable.

C. Level of Funding

USAID intends to fund this program at a level of around \$2.8 million, with roughly 75% of the total for the development of community funds and roughly 25% of the total funding for social enterprise support for four years.

D. Increase Option

When the recipient deems the pilots have been successful, the recipient might request to roll out the program to other cities or with additional NGO social enterprises. In this case, based on performance of the Recipient and availability of funds, the roll out of the program might be negotiated if USAID deems that the program has achieved adequate success and that the success can be replicated. Since the roll-out phase is not included in the current budget, this option shall be negotiated as a supplemental to the Cooperative Agreement.

VI. Gender Considerations

In accordance with USAID's recognition that gender issues are important considerations in development, the Applicant will look for gender implications or opportunities in the program. The Applicant will make its best efforts to evaluate gender considerations and opportunities

for participation in the program, as well as to define gender-based barriers to achieving the tasks outlined in this SOW. If such barriers are outlined, the Applicant shall propose an approach to eliminate such barriers in the proposal. The Applicant will be required to report gender disaggregated data.

VII. Illustrative Substantial Involvement

USAID/Bulgaria considers substantial involvement crucial for the successful implementation of this pilot program. Substantial involvement shall include:

1. **Approval of annual workplans/implementation plans and evaluation and monitoring plans;** significant changes to the approved workplan will require additional approval.
2. **Approval of key personnel.** For the purposes of this agreement, the Director and the key coordinators of the program by the implementing organization are considered key personnel.
3. **All approvals shall be in writing, hardcopy or e-mail,** a copy retained at USAID/Bulgaria, and a copy sent to the Regional Contracting Officer/Budapest.
4. **Joint participation.** Agency and Recipient must collaborate and participate jointly in key stages of the program. This might include participation on committees, approval of subawards, approval of selections of organizations, etc. This clause will be negotiated and finalized at the time of signing of the Cooperative Agreement.

See section V for Planning, Implementation and Management Requirements.

END OF SECTION II.

Section III. Selection Criteria

The criteria set forth below will serve as the basis upon which applications will be evaluated. Numerical weighting indicates the relative order of importance of the technical criteria to guide Applicants in determining which areas require emphasis in the preparation of applications. The Applicant will be selected on the basis of its written proposal, its past experience working in this field and a demonstrated capacity to manage human and financial resources.

Applications will be judged on the ability of the Applicant to achieve the expected results in a reasonable time frame and at a reasonable cost. The application will be reviewed and rated on the following criteria, with a total possible score of 100 points.

Applications will undergo preliminary review by USAID procurement and technical staffs for completeness and responsiveness.

Applications that are submitted late or incomplete run the risk of not being considered in the review process.

55 points: Proposed Program Approach: Well-conceived, technically sound and responsive approach presented in the implementation plan that provides convincing evidence of the Applicant's understanding of the program of activities it proposes to accomplish and the specific results USAID would like to achieve in terms of community funds, including clear approach to ensuring multi-sector cooperation and ability to involve local businesses in the program (30 points) and social enterprises (15 points) per the objectives laid out in the program description. USAID will also evaluate the extent to which the Applicant presents an ambitious, but feasible, plan for moving towards the achievement of program results supported by the evaluation and monitoring plan (10 points). USAID will evaluate the degree to which the Applicant has taken into account and made appropriate use of existing local and regional expertise and experience in the program approach.

15 points: Appropriateness of Proposed Staff: The capabilities of the proposed staff, must be commensurate with the proposed activities and level of assigned responsibilities. Greater weight will be given to proposed staff who have working fluency in Bulgarian, in addition to competency in English, and prior experience working in the CEE region.

10 points: Organizational Capacity and Past Performance: The Applicant has a demonstrated organizational capacity to manage the proposed activities under the cooperative agreement, including transparent personnel, procurement and financial management systems. If sub-awards to local organizations are proposed, the Applicant must provide an explanation of their proposed system for identifying and evaluating sub-award recipients. The Applicant must have a demonstrated successful track record in implementing and monitoring similar or related activities to those contained in the program description. The Applicant must submit a list of all contracts, grants or cooperative

agreements involving similar or related programs over the past three years. Reference information shall include the location, current telephone numbers / e-mail address (if applicable), points of contact, award numbers if available, and a brief description of work performed.

10 points: Understanding of the Bulgarian Context and Gender and Ethnic Minority Considerations: The application demonstrates a thorough knowledge of the issues and problems faced by Bulgarian NGOs and their partnerships with local government and private sector. The Applicant has a gender and ethnic analysis and a proposed effective approach to remove gender and ethnic barriers in the program, if such were identified. The Applicant has program elements specifically focusing on ethnic minority and women groups.

10 points: Effectiveness and reasonableness of total estimated cost and Applicant's cost sharing: Demonstrated ability to minimize recurrent costs and maximize cost-effectiveness. Maximizing the percentage of the costs allocated to program delivery as compared to administrative costs will also be a factor in evaluating applications. The degree to which the cost proposal reflects the approaches in the technical application. Cost sharing will be assessed based on:

- a) the percentage of program costs that the Applicant will draw from non-US Government sources;
- b) the ability of the Applicant to realistically access these sources and funds and the feasibility of the cost sharing plan; and
- c) the degree to which the Applicant has included cost-sharing as a factor in making sub-awards under the program.

END OF SECTION III.

SECTION IV.

APPLICABLE REGULATIONS

22 CFR 226
22 CFR 228
Federal Grants and Cooperative Agreement Act
OMB Circular A-122 or A-21 or FAR 31, as applicable
USAID ADS Section 303

The Cooperative Agreement regulations and formats are available for informational purposes only for potential applicants via the Internet at "<http://www.usaid.gov/>" under the Business & Procurement link. The ADS 303 and 22 CFR regulations can then be accessed under the USAID Procurement Regulations (Handbooks) link. In addition, the following web-site contains the supplementary references to 303, including the Sample Format for Award Letter and Schedule and Standard Provisions, both Mandatory and Required As Applicable, for US Non-Governmental and Non-US Non-Governmental Recipients:

<http://www.usaid.gov/pubs/ads/300/303.htm#303.6>

ONLY if the applicant is not able to review the Cooperative Agreement text and format via the USAID Internet website, potential applicants may request a hard copy of the text and cooperative agreement format by contacting the Regional Contracts Office, USAID Regional Services Center at the fax no. (36-1) 269-5893.

Applicants should NOT fill in any of the blanks in the Cooperative Agreement Format, NOR return it to USAID, since the Agreement Officer shall issue the actual Cooperative Agreement after the final selection is made.

END OF SECTION IV.

Section V. Annex A.

A Brief International Comparative Perspective

(portions excerpted and adapted from "Assessment of Community-Based Philanthropy in Bulgaria, prepared by Urban Institute under contract to USAID.)

The proposed program must be informed by the progress made in introducing the community foundation or fund concept elsewhere in the region. The following is summary of some selected experiences for background purposes only. Applicants must not feel confined to rely solely on the experience described.

In the United States the first community foundations and Community Chests (now United Ways) date back to the pre World War I era.

Introduction of the United Way (UW) Community Fund Model to the CEE. In 1887 in Denver, Colorado, religious leaders formed the first United Way to coordinate their respective fund-raising for local services. In America today, local United Ways (with over 1400 chapters) represents the most prevalent form of community fund. As they operate in the US, United Ways rely primarily on workplace giving, with over 90% of their aggregate \$ 4.5 billion revenues raised through voluntary employee payroll donations. However, outside the US, United Ways tend to look more to corporate sponsorship--with perhaps only 30% or so of an aggregate \$ 750 million in annual revenues generated through employee contributions.

United Way International reports some success in initiating United Ways in the northern tier of the CEE (Poland and Hungary). Both the Hungary and Polish United Ways draw most of their board members from the business community, although there may be some limited NGO and local government representation as well. Professionals with relevant expertise drawn from academia and the non-profit sector typically participate along with business representatives on the Allocation Committee, which recommends grantees to the Board. (UW International discourages local government participation in fund governance although there are exceptions,)

In Hungary, the first United Ways were established in 1991, but they only began organized, local fund raising in early 1998. There are nine local chapters including Budapest. In 1999, the nine chapters combined raised about \$200,000 in cash. The Budapest chapter accounted for about \$160,000 of this total, and one other city for about \$ 15,000, with the other seven cities collecting only about three to four thousand each. Perhaps 10% of the Budapest revenues came from payroll deductions and none to speak of in the other jurisdictions. In the smaller cities much of the activity is facilitating in-kind contributions (e.g. purchase of beds or equipment for a medical facility). In the aggregate, the United Way Hungary reports that 50% of its members revenues come from other foundations (foreign and domestic), 15 % from corporate grants, 5% from workplace campaigns, 25% from other individual donations, and 2 % from investment income.

The impetus for establishing a United Way in Warsaw, Poland five years ago came primarily from multi-national corporations with facilities in the city. Today, of 28 participating corporations, about ten are purely Polish in ownership. Last year, the Warsaw UW collected \$ 400,000 of which almost 75% did come from payroll deductions--an anomaly among United Ways outside the US.

Each year the Warsaw UW conducts a needs survey. Based on the survey it selects the local charitable organizations that it proposes to support. To engage the trust of prospective donors:

- UW keeps only 5% of the funds raised to cover its own administrative and fund raising expenses;
- Contracts with grant recipients typically cap the use of grant funds for administration at ten per cent, and allow the UW to inspect the recipient's financial records at any time.

About four years ago, a UW representative spent some time in Bulgaria conducting workshops and exploring with international donors the feasibility of starting a Bulgarian version of United Way. For various reasons, this initiative was dropped as premature. *As this report was "going to press", we learned that United Way International now has an affiliate in Greece (The Institute of Philanthropy) which has opened a branch office in Bulgaria. UW International and the Greek Institute have had some very preliminary conversations about possibly trying to initiate a United Way type entity in Bulgaria.*

Community Foundations. In the US, the typical community foundation finds its origin in a small number of affluent individuals or corporate donors, who wish to support philanthropy directed at the needs of the city or region in which they live, but who do not want to incur the financial burden of establishing and supporting a foundation on their own. Moreover, by joining together, these donors can create a significant sized endowment, while (through their participation on a managing board) they can still have a voice in the foundation's grant making policy. Such foundations, as they mature, often seek additional endowments and/or solicit annual financial support from a broader cross-section of the public.

Over the past two decades, the community foundation concept has proliferated in Western Europe followed by considerable experimentation in Central and Eastern Europe since the fall of communism. The Rotary Club of Banska Bystrica, Slovakia, as early as 1992, initiated the first community foundation in the CEE. Today the Healthy City Community Foundation represents one of the more sophisticated operations in the region. Russia's Togliatti Community Foundation, the first such fund in that country, by some reports raised nearly \$ 100,000 from local donors in its first year of operation. The Czech Republic's Usti nad Labem Foundation represents an example of a non-profit, social service provider that transformed itself into a community foundation focused on improving local social service delivery.

In Poland, the Academy for the Development of Philanthropy since 1998 has helped initiate local philanthropic organizations in twelve cities, nine of which have been in operation long enough to have some track-

record raising funds. Five of these organizations style themselves as being community foundations and are building endowments; the others concentrate more on raising funds on an annual basis for making local grants. The Academy provides matching funds for donations for core administration (one-to-one match, \$ 4,000 start-up plus 4,000 per year), for current grant making (also on one-to-one basis, an initial \$3,000 plus 3,000 per year), and for unrestricted additions to capital endowments (cumulative \$ 25,000 to \$ 37,500 match depending on city size). The nine organizations active in 1999 raised a total of about \$400,000 from local sources: an average of about \$ 9,500 each for core operations, about \$ 6,000 each for grant-making, and about \$ 32,000 per endowment fund. More recently, the twelve participating communities have jointly formed the Local Philanthropic Organizations Cooperative Network.

Among the relevant conclusions that can be drawn from the range of CEE experience referenced above:

- With very few exceptions, the lion's share of donations comes from local businesses. In some instances, the funds do mount sophisticated campaigns to identify and approach all, or most, prospective business donors on a community-wide basis. However, even in such instances, the campaigns rely almost entirely on personal networking and face-to-face contacts, rather than on more indirect methods such as mail order or telephone solicitation.
- With the exception of the Warsaw UW (which, as noted above, enjoys substantial multinational involvement), we're not aware of any major effort to attract large numbers of small, individual donations from employees through payroll deductions, though some other UW chapters have experimented with this approach. A few organizations (the above mentioned Healthy-City Community Foundation in Slovakia; the Polish Children and Health Society, some of the Hungarian United Ways) have made some effort to raise donations from large numbers of middle class families.
- The tax laws of the countries in which the most successful Community Funds/Foundations operate do provide some incentive for charitable giving. In Poland for example both individuals and corporations qualify for tax deductions in the ten to fifteen percent range.

In drawing on western and CEE experience to develop approaches tailored to Bulgarian realities, it will be important to keep in mind differences among international models that reflect differing political systems and cultural norms. For example, in the US, while local government officials may on occasion be granted a role in appointing community foundation board members, it is rare to find local officials themselves serving on such boards. By contrast, in the United Kingdom the participation of municipal officials as foundation board members is perceived as natural and desirable rather than as raising conflict-of-interest concerns.

END OF SECTION V.

Section VI. Annex B.

CITY REPORTS ON FEASIBILITY OF COMMUNITY FUNDS

(These include results of focus group discussions with community leaders excerpted from "Assessment of Community-Based Philanthropy in Bulgaria", prepared by Urban Institute under contract to USAID.)

- Smolyan (includes Chepelare)
- Blagoevgrad
- Gabrovo

FEASIBILITY OF COMMUNITY FUND - SMOLYAN **(incl. CHEPELARE)**

A. Statistical Profile

1. Geography

Area: 859.33 sq.km

Cultivated area: 13.8% (1996 est.)

Terrain: Comparatively high mountains with steep sloping surface. Highest point, Perelic, is at altitude 2191 m.

Settlements: 86; the town of Smolyan and 85 constituent villages.

Environment (general condition): Preserved and fairly beautiful nature. Natural resources contain forests (approximately 71% of total area) and mineral waters.

2. Demographics

Population: 47,905 (31.12.1999)

Urban: 67.8%

Population density: 55.75 inhabitants/sq. km

Birth rate: 8.41 births/1,000 population (1999 est.)

Death rate: 10.33 deaths/1,000 population (1999 est.)

Net migration rate: -4.55 migrant(s)/1,000 population (1999 est.)

Ethnic groups: Bulgarian 98.3%, Turk 0.8%, Roma 0.4% (1992 est.)

Sex ratio: 0.92 male(s)/female (1999 est.)

Life expectancy at birth: 72.7 years (1996 - 1999 est.)

Literacy rate: 98.1% of aged 15 and over (1992 est.)

Secondary school entrance rate: 63.2% - calculated for the Region Blagoevgrad (1998 est.)

UNDP Human Development Index: 0.780 - rank 15 from total of 262 Bulgarian Municipalities

3. Employment

Population in age over 16 years: 39,631 (end of 1998 est.)

Employed people: 20,852 (1998 est.)

Employment rate: 52.6/100 population in age over 16 years (end of 1998 est.)

Public/ private sector employment ratio: 0.64 (1998 est.)

Pensioners' employment rate: 1.04/100 employed people (1998 est.)

Unemployed people: 3,243 officially registered (end of 1998 est.)

Unemployment rate (end of 1998 est.): 13.5/100 population in capable-to-work age

Unemployment rate (end of April 2000 est.): 20.9/100 population in capable-to-work age

4. Economy

Overview: Smolyan Municipality suffers the overall industrial decline of Smolyan region. Leading in the recent past local Food industry, Electronics, Textile production and some other branches are currently in the group of shrinking regional economy. For some years now local people see Tourism as a real source for prosperity. The hopeful part of the story however is being obstructed by underdeveloped infrastructure. As Smolyan borders Greece on the south, carrying out the 'Cross-border Cooperation Project', under FAR program legitimacy, constitutes another major priority for the Municipality and the Region.

Major industries: Electric Machinery production, Timber and Wood-processing industry, Tourism

GDP: \$ 91.271 million (1998 est.) - average annual exchange rate of BNB: US\$1=1763.39 BGL (before denomination)

GDP per Capita: \$ 1,893 <<US\$1=1763.39 BGL>> (1998 est.)

Subsidy: \$ 18.253 million <<US\$1=1763.39 BGL>> - 0.94% of country's total (1998 est.)

Real disposal income per capita: \$ 1,865/year <<US\$1=1763.39 BGL>> - after redistribution of subsidy (1998 est.)

Total number of companies: 2,242 (1998 est.)

Companies employing over 101 persons: 24 (1998 est.)

Capital distribution- possession structure: State - 38.7%; Municipality - 3.73%; Private - 57.57% (September 1999 est.)

Companies' profitability: sample data in the following branches: Electric machinery production, Timber industry and Tourism

Profit per 100 BGL	Companies		Employed	
	Number	%	Number	%
Under 5%	10	66.7	508	64.5
Between 5% and 10%	1	6.7	70	8.9
Above 10%	4	26.7	209	26.6
Total	15		787	

-
- *Sources:**
1. Bulgarian National Statistics Institute
 2. UNDP Human Development Report 2000 for Bulgaria
 3. Municipalities' Administration

B. The Business Community

Smolyan is considered to be among the district centers most gravely affected by the economic crisis in this country. The town is probably the only administrative district center without a single working large industrial enterprise. By the latest estimates, the town has lost nearly 1/3 of its population in the past 10 years. The declining population and the extremely low purchasing power have placed local business in a difficult situation. In this sense it is noteworthy that there are several small and medium-sized companies that regularly contribute donations. Cited as the largest donors were the companies Dyulger, Anri 64, Gama Kabel, as well as certain individual donors. It is quite revealing that business itself is seeking assistance from the Third Sector in order to find support. Typical in this respect are the efforts of the small hotel businesses.

Despite the grave economic situation of the region as a whole, economically Chepelare can be said to be in a relatively good state. There is one large enterprise in the town, Orion Ski, which has been privatized successfully and which has managed to retain its foreign markets (80% of the output is exported). The Pamporovo resort is also located within the boundaries of Chepelare Municipality (90% of the revenues from tourism in Smolyan district are earned in Chepelare Municipality). A good basis for development of the economy is private forestry through the established forest cooperative. Nearly 80% of the forests in the municipality (they take up 70% of its territory) are subject to restitution, which is expected to conclude by the end of the year. In the past few years the woodworking business has been making good progress, with 12 enterprises currently working in the town. These newly created companies, however, only carry out the rough processing of the wood and are strongly dependent on the regulation of lumbering. The private hotel business is also developing relatively well.

Corporate charity is not particularly developed, and the Orion Ski company is the most significant donor. During the interviews with business representatives there emerged a clear interest in supporting the Third Sector. The chief reason for this untypical attitude for Bulgarian business in general is the expectation that the non-governmental organizations specializing in the spheres of ecology and civil society development would try and be constructive partners, rather than opponents. Thus for instance, the owners of woodworking enterprises realize that their interests are closely related to intercepting illegal and unregulated felling and in this respect non-profit organizations could actually be more effective than state institutions. Hotel owners are in a similar situation, with the awareness that it is only through such association that they could afford to promote their activity using the potential, contacts, and information resources of non-profit organizations (for example, the Association of Rhodopi Municipalities).

C. The NGO Community

According to expert estimates and data from the major donors, the Third Sector in Smolyan can be assessed as well developed in view of the size of the community and the economic situation of the region. There are 8-

10 actively working non-governmental organizations whose profile is well-adjusted to the specifics of the town. The non-profit organizations work mainly in the spheres of ecology, local business support, education, and civil society development.

In the town (region) there are several exceptionally active leaders of non-governmental organizations such as Ivo Tsarev (Regional Development Agency), Petya Gegova (Association of Rhodopi Municipalities), Dimitar Palagachev (Open Society Club), Deyan Ashkov ("Stefan Stambolov" Bulgarian Youth League and Lions Club), who are influential in all spheres of public life. The conducted meetings left us with the impression that non-governmental organizations in the town are working together and that the conflicts characteristic of the Third Sector are considerably less pronounced. The typical organization consists of 1-2 active members and a few collaborators. It must be noted that owing to their active efforts, the local NGOs have managed to implement projects by attracting foreign sponsors (Open Society, USAID, PHARE programs, etc.). A new and promising area of activity for the local non-profit organizations is the development of cross-border initiatives with Greek partners.

Similarly to the other towns with a population under 30,000, the active non-profit organizations in Chepelare are few and their activity is relatively limited. According to the available data, there are 4-5 organizations that may be defined as active. They frequently take part in *"groups and coalitions on a regional and national level"* in order to obtain access to foreign funds, which they could hardly secure themselves owing to the small size of the community (Association of Rhodopi Municipalities, Bulgarian Union for the Protection of the Rhodopi, Movement for the Protection and Development of the Central Rhodopi, Regional Development Agency, Alternative Training Association). The activity of NGOs in Chepelare is mainly concerned with the environment, regional development, supporting private business, education. Up to now not a single non-governmental organization in the town has independently obtained foreign financing. An interesting opinion shared was that the non-profit organizations could act as a balancing factor for the various economic interests in the municipality.

D. The Local Government

During our meetings the local government representatives in Smolyan expressed their support for the Third Sector. Judging from the projects implemented in the town, the Municipality appears to have assisted NGOs in carrying out their activity (providing recommendations when applying for financing before foreign donors, providing office space to non-profit organizations, etc.). A PLEDGE pilot project entitled "Crafts Market" has also been implemented with the assistance of local government. Nevertheless, some of the representatives of the local authorities expressed the typical for this country skepticism and suspicion towards the NGOs.

In the general opinion of those interviewed, Chepelare probably has the best functioning local government and finds itself in a good economic situation (revealingly, the subsidy provided for 2001 by the national budget only amounts to 15% of the municipal budget). The community is characterized by the absence of excessive political confrontation and

the attitude towards local business is not politically conditioned, for which the Mayor and his deputies must be given important credit. The conducted meetings confirmed that the local government is very active indeed and works well with the local business community. Despite their relatively lesser influence, the representatives of the Third Sector also enjoy special esteem.

E. Interest in the Community Fund Concept

Readiness to support the establishment of a Community Fund in Smolyan was expressed by the representatives of all three parties concerned - non-profit organizations, local government, and business. The Deputy mayor of the Municipality expressed readiness to offer assistance in the form of free-of-charge office space and logistic support. The Municipality might even offer some financial assistance provided the Community Fund sponsors social and civic projects of importance to the community. The non-profit organizations proposed various possible schemes for the operation of the Community Fund. One more distinct suggestion, compared to the ideas shared in the other towns, was to try and establish a regional fund, which is to comprise Smolyan and Chepelare and gradually attract other municipalities, as well. The main argument in favor of this was the small size of Smolyan Municipality and the fact that Chepelare is in immediate proximity and faces similar problems.

The Community Fund concept met with the most clear-cut and unanimous approval in Chepelare. This was where the "community spirit" was most strongly felt, possibly due to the smaller size of the community, as well. In our opinion, the understanding that the smaller town poses greater difficulties to inclusion in such a project makes the representatives of all parties concerned willing to make far greater efforts. Revealingly, the funds that the business and local government representatives expected to raise for the Community Fund from local sources actually exceed those envisioned by other larger towns. This is made possible by the good economic situation of the municipality and the readiness of the local business community (including the largest enterprise in the region, Orion Ski) to support the establishment of a Community Fund. An important advantage of the town is that the Community Fund would have clear-cut priorities and areas of activity approved by all parties concerned. The deadlines within which such an initiative could be launched would also be shorter compared to the remaining towns. Chepelare is the only community where the Mayor made a personal commitment to assist the initiation of a Community Fund.

FEASIBILITY OF COMMUNITY FUND - BLAGOEVGRAD

A. Statistical Profile

1. Geography

Area: 619.19 sq.km ; situated in three altitude zones: 0-200 m., 200-600m., 600-1000m.

Cultivated area: 18.9% (1996 est.)

Terrain: prevalent mountains and valleys

Settlements: 26; the city of Blagoevgrad and 25 constituent villages.

Environment (general condition): Preserved ecosystem and bio- balance; No soil-, water- or air-pollution above permissible EU norms

2. Demographics

Population: 80,094 (31.12.1999)
Urban: 91.2 %
Population density: 129.35 inhabitants/sq. km
Birth rate: 9.13 births/1,000 population (1999 est.)
Death rate: 8.85 deaths/1,000 population (1999 est.)
Net migration rate: -10.11 migrant(s)/1,000 population (1999 est.)
Ethnic groups: Bulgarian 97%, Turk 0.1%, Roma 1.6% (1992 est.)
Sex ratio: 0.93 male(s)/female (1999 est.)
Life expectancy at birth: 72.1 years (1996 - 1999 est.)
Literacy rate: 99.2% of aged 15 and over (1992 est.)
Secondary school entrance rate: 73.7% - calculated for the Region Blagoevgrad (1998 est.)
UNDP Human Development Index: 0.786 - rank 10 from total of 262 Bulgarian Municipalities

3. Employment

Population in age over 16 years: 65,680 (end of 1998 est.)
Employed people: 39,664 (1998 est.)
Employment rate: 60.4/100 population in age over 16 years (end of 1998 est.)
Public/ private sector employment ratio: 0.56 (1998 est.)
Pensioners' employment rate: 1.67/100 employed people (1998 est.)
Unemployed people: 3,300 officially registered (end of 1998 est.)
Unemployment rate (end of 1998 est.): 7.7/100 population in capable-to-work age
Unemployment rate (end of April 2000 est.): 15.5/100 population in capable-to-work age

4. Economy

Overview: Main difficulties are connected with the economic reconstruction and the lack of real crediting and market opportunities. A transit Gas-main pipe 'Russia-Greece' passes through the territory of Municipality, but no agreement for consumption between governments of Russia and Bulgaria has been achieved yet.
Major industries: Tobacco, Food and Wine industry; Agriculture; Electrical machine building; Textile and Fabrics; Tailoring commodities production; Trade
GDP: \$ 187.484 million (1998 est.) - average annual exchange rate of BNB: US\$1=1763.39 BGL (before denomination)
GDP per Capita: \$ 2,318 <<US\$1=1763.39 BGL>> (1998 est.)
Subsidy: \$ 15.031 million <<US\$1=1763.39 BGL>> - 0.77% of country's total (1998 est.)
Real disposal income per capita: \$ 1,672/year <<US\$1=1763.39 BGL>> - after redistribution of subsidy (1998 est.)
Total number of companies: 3,514 (1998 est.)
Companies employing over 101 persons: 55 (1998 est.)
Capital distribution- possession structure: State - NA%; Municipality - NA%; Private - NA%
Companies' profitability: sample data in the following branches: Tobacco, Food and Wine industry; Agriculture; Electrical machine-building

Profit per 100 BGL	Companies		Employed	
	Number	%	Number	%
Under 5%	11	73.3	951	22.7
Between 5% and 10%	2	13.3	674	16.1
Above 10%	2	13.3	2,559	61.2
Total	15		4,184	

B. The Business Community

In the opinion of the interviewed business and local government representatives, economically Blagoevgrad is in fairly good shape (cited in illustration was the fact that the Municipality promptly pays the salaries of public sector employees). The sectors displaying economic revival are woodworking, the clothing industry (a great many small clothing workshops have opened up), construction, food processing, and others. The region traditionally has a lower unemployment rate than the average for the country. Unlike other regions, industrial restructuring in this town started earlier and at present there exist a considerable number of large and medium-sized companies. Another advantage enjoyed by the region is its proximity to the Greek market.

The biggest donor in town is the tobacco plant Bulgartabak-Blagoevgrad. It is one of the most modern enterprises in this country but is still state-owned owing to the delayed privatization of the Bulgarian tobacco monopolist. It became apparent from the interviews that individual private entrepreneurs traditionally support charity initiatives but only within the circle of their personal acquaintances. Other donor organizations include the companies Communication Equipment, Vamos, Raster-Yug, Bodrost, Karol, etc. The means they contribute are quite modest set against the company turnover and profits. The donations are for the most part made on specific occasions and largely depend on personal contacts.

C. The NGO Community

The data obtained suggest the conclusion that the development of the Third Sector in the community is lagging behind in view of the available human resources (two universities) and the relatively good state of the local economy. Although the non-governmental organizations registered in Blagoevgrad number about 100, no more than 10-12 are actually working ones. The more active NGOs include Open Society Club, Regional Agency for Economic Development, Youth Activities and Initiatives Association, Public Center on Urbanism and Environment, *Women for the Future*, and others. There predominate the non-governmental organizations with a social and environmental profile. Interestingly enough, some of the organizations have highly qualified associates, but the typical NGO involves 2-3 persons, to whom this activity is usually not the principal one.

Compared to other towns similar to Blagoevgrad, the Third Sector has managed to attract relatively little funds from external donors. Nevertheless, certain original projects have been implemented in

response to specific community problems - the creation of a business incubator (a RAED project, supported by PHARE Credo), supporting an orphaned children home (initiative of Open Society Club supported by Civil Society Development Foundation and a Swiss foundation), training of teachers in Satovcha Municipality (PHARE-Lien), and others. In the absence of projects financed by foreign donors, the activity of NGOs is confined to organizing occasional events (charity concerts and balls, seminars, meetings with partners, and others). One important event, sponsored by a great many donors, is the annual folklore festival *Pirin Sings*. Some experience has been gained in organizing charitable activities (fund-raising for the home for the elderly in Stob village, providing food to socially disadvantaged schoolchildren, organizing excursions for orphaned children), but on a very limited scale and by only a few NGOs - Open Society Club, Rotary Club, Women for the Future.

The interaction among non-governmental organizations on the one hand, and the partnership with business and local government, on the other, is too weak, and their collaborative initiatives are relatively few. The Regional Agency for Economic Development is practically the only not-for-profit organization maintaining more stable relations with local business and managing to secure its own financial support by providing various services to it - legal and financial consultations, establishing international contacts, information and technical servicing (translations, fax, e-mail, certifications, etc.), specialized training programs in the spheres of marketing, finance, and management, professional training courses (computer training, using the Internet, language courses, etc.). Its activity involves the participation of students (interns and volunteers), but it must be noted that the potential of the cooperation with the academic community of the American University and the South-Western University as yet remains unexplored by the not-for-profit organizations in the town of Blagoevgrad.

D. The Local Government

The local government is deemed strong, active, and generally open to cooperation with not-for-profit and business organizations. The Mayor of Blagoevgrad, Mr. Paskalev, has the reputation of a pragmatic technocrat who supports innovative and rational ideas and projects that are in the interest of the community. At the same time, the view was expressed, that the practical interaction between the Municipality and business and NGOs is quite limited and there lack any notable joint initiatives (Regional Agency for Economic Development).

Political opposition in the community was deemed very intense. It is also manifest in the easily distinguishable political identification of both individual NGOs and local business representatives. It must be noted that in the course of the interviews there was a clear sense of weariness and frustration about the existing political tension and the wish was expressed to limit the political influence over economic and civic relations in the community.

It is important to stress that the Municipality has gained considerable experience in securing funds from external donors and international projects sponsored by USAID, UNDP, PHARE Program, and others. Certain joint initiatives with local business were cited - organizing the *Pirin*

Sings festival, building a water main in a nearby resort area, financed jointly by the Municipality and Bulgartabak, and others.

E. Interest in the Community Fund Concept

The idea of establishing a community fund in Blagoevgrad generally met with approval by the representatives of all parties concerned. Interest was strongest on the part of the representatives of Blagoevgrad Municipality, namely the Deputy Mayor on Humanitarian Matters. According to him, the Municipality ought to have a leading role in the establishment and management of the community fund, and particularly in setting its priorities. Such a community fund is perceived as an alternative means of attracting additional financial resources for addressing important community problems. The possibility was also considered, to use the means from the community fund to finance larger and more costly infrastructural, environmental, community development projects (for instance, the Blagoevgrad water-supply system).

However, it was noted by local business representatives that the role of the Municipality must be limited largely to organizational support in the initial stage and participation of its representatives in the governing bodies of the community fund. The leading role in the management of the Community Fund must be assigned mainly to the donors and esteemed public figures. It was deemed appropriate for the Community Fund, particularly in the beginning of its activity, to be limited mainly to charity in support of the very needy without setting itself ambitious and unrealistic goals of furthering the overall social and economic development of the municipality. It is to such a cause that the potential corporate and individual donors are most likely to respond. Organizing sweeping fund-raising campaigns, initially for one or two specific projects, must be the priority area of activity of the Community Fund. This is the context in which NGOs were mainly perceived to have a role - establishing contacts with broad sections of the population and business, organizing networks of volunteer collaborators (pensioners, students, unemployed).

Surprisingly, the weakest interest in the establishment of a Community Fund in Blagoevgrad was expressed by non-governmental organizations (with the exception of the Regional Agency for Economic Development). A revealing fact in this respect is that the representatives of RAED and the Chamber of Trade and Industry, Blagoevgrad, were the only ones to accept the invitation to join the group discussion. In the course of the interviews conducted it became clear that NGOs are still unaware of the benefit from the existence of a Community Fund and cannot seem to identify their own role in it. The limited interaction among NGOs, the lack of experience in organizing more extensive fund-raising campaigns, the apprehensions of possible intertwining of various personal and corporate interests, all generate skepticism about the possibility to create a sustainable and effective community fund.

In this context, the realistic alternative for the possible initiation of a Community Fund in Blagoevgrad is the formation of an initiatory group, in which it is appropriate to assign a key role to the local business representatives (the Chair of Chamber of Trade and Industry, RAED, representatives of the bigger donors). The bulk of the preliminary organizational work could be carried out with the assistance of Blagoevgrad Municipality. It would readily share its

expert and administrative resources, as well as provide office space for the Community Fund. In any event, there will be a call for active support by USAID - consulting, expert, and technical assistance, as well as financial support in the preparatory phase of the process of Community Fund establishment.

FEASIBILITY OF COMMUNITY FUND - GABROVO

A. Statistical Profile

1. Geography

Area: 583.05 sq.km

Cultivated area: 24.8% (1996 est.)

Terrain: semi-mountainous

Settlements: 134; the city of Gabrovo and 133 constituent villages. Many of the villages are rather small, detached, mountainous places with very few houses and total population of about 20-30 inhabitants.

2. Demographics

Population: 79,420 (31.12.1999)

Urban: 88.2%

Population density: 136.21 inhabitants/sq. km

Birth rate: 7.24 births/1,000 population (1999 est.)

Death rate: 13.33 deaths/1,000 population (1999 est.)

Net migration rate: -1.61 migrant(s)/1,000 population (1999 est.)

Ethnic groups: Bulgarian 96.6%, Turk 1.8%, Roma 0.3% (1992 est.)

Sex ratio: 0.92 male(s)/female (1999 est.)

Life expectancy at birth: 73.2 years (1996 - 1999 est.)

Literacy rate: 99.8% of aged 15 and over (1992 est.)

Secondary school entrance rate: 72.1% - calculated for the Region Blagoevgrad (1998 est.)

UNDP Human Development Index: 0.782 - rank 12 from total of 262 Bulgarian Municipalities

3. Employment

Population in age over 16 years: 68,778 (end of 1998 est.)

Employed people: 37,056 (1998 est.)

Employment rate: 53.9/100 population in age over 16 years (end of 1998 est.)

Public/ private sector employment ratio: 0.62 (1998 est.)

Pensioners' employment rate: 2.52/100 employed people (1998 est.)

Unemployed people: 2,738 officially registered (end of 1998 est.)

Unemployment rate (end of 1998 est.): 6.9/100 population in capable-to-work age

Unemployment rate (end of April 2000 est.): 13.1/100 population in capable-to-work age

4. Economy

Overview: Being administrative center of the region, Gabrovo is far from being industrial one. Neighboring Sevlievo Municipality (a part of this same region) plays the very vital role for the regional Economy. For recent years Sevlievo marks high levels of economic growth, low

level of unemployment and relatively big amounts of external private investment.

Major industries: Textile and Leather industry, Woodworking, Canning industry

GDP: \$ 99.880 million (1998 est.) - average annual exchange rate of BNB: US\$1=1763.39 BGL (before denomination)

GDP per Capita: \$ 1,248 <<US\$1=1763.39 BGL>> (1998 est.)

Subsidy: \$ 16.738 million <<US\$1=1763.39 BGL>> - 0.86% of country's total (1998 est.)

Real disposal income per capita: \$ 1,457/year <<US\$1=1763.39 BGL>> - after redistribution of subsidy (1998 est.)

Total number of companies: 3,208 (1998 est.)

Companies employing over 101 persons: 49 (1998 est.)

Capital distribution- possession structure: State - NA%; Municipality - NA%; Private - NA%

Companies' profitability: sample data in the following branches: Textile and Leather industry, Woodworking, Canning industry

Profit per 100 BGL	Companies		Employed	
	number	%	number	%
Under 5%	37	88.1	10214	98
Between 5% and 10%	3	7.1	145	1.4
Above 10%	2	4.8	61	0.6
Total	42		10420	

B. The Business Community

The economic climate in Gabrovo (especially compared to Sevlievo) was not deemed particularly favorable to the development of local business. An Agency for Regional Economic Development has been created, but in the opinion of the businesspersons interviewed, it has in fact not been working actively. The Chamber of Commerce and Industry has grown more active in the past two years but its interaction with non-governmental organizations is very limited. There was no mention of any significant joint initiatives of the business community

and the non-profit organizations aimed at promoting and assisting charity in the community. It takes place mainly on the basis of personal contacts of individual organizations and businesspersons with specific non-governmental organizations. The only exception registered was the activity of the Regional Association of Fuel and Lubricant Distributors in support of local cultural and sport organizations. The more notable donor companies cited were Stancho Kolev Ltd., Luv Ltd., Kapitan Dyado Nikola, Sev Brokers, Plastform, Technoles, Detelina, and others. The names were mentioned of several more reputed individuals.

C. The NGO Community

The Third Sector in Gabrovo is relatively well-developed. There are several more active non-profit organizations and more notably, IMKA, Open Society Club, Mother's Care, Scout Tourist Club, Youth Cultural and Information Center, and others. A Rotary Club has also been established in the town, but it was generally perceived as a relatively "closed community".

The main efforts of non-profit organizations in Gabrovo are directed at securing funds from foreign donors for the implementation of original projects. Instances were cited by IMKA and the Scout Tourist Club of projects financed under PHARE Democracy Program, by the Civil Society Development Foundation, Charles Mott Foundation, etc. The non-profit organizations have some experience in fund-raising from individual donors and business organizations but it is rather limited and sporadic. For example, the charitable women's association Mother's Care (successor to the organization of the same name established in 1869) maintains two charity funds - Stefana Bogdan Gencheva Talented Children Fund and Radka Pencho Semova earmarked fund. On specific occasions it also raises funds from natural and legal persons (one example cited was the raising of BGN 4,000 for four children in need of medical treatment abroad). IMKA-Gabrovo also has experience in attracting volunteers - about 20 persons (mainly high-school and university students) are involved in the work of the organization. The Scout Tourist Club has received donations from nearly 60 private and state-owned companies.

The collaboration between non-profit organizations in Gabrovo is generally weak - a Center for NGO Development has not been created and the attempt by the Youth Cultural and Information Center to unite the youth organizations and publish a regular newsletter failed. In this sense a certain skepticism was expressed (in the strongest terms by the representative of the Fine Arts Foundation) regarding the possibility to join the efforts of NGOs and achieve effective partnership with local business and local government authorities. The conducted public opinion poll indicated that Gabrovo is characterized by the lowest public confidence in the capability of non-profit organizations to help address important public problems, to secure the transparency of their activity, and not to misuse the funds raised.

D. The Local Government

The financial resources of local government in Gabrovo were defined as limited. In the words of an NGO leader, "*the Municipality is economically weak - a Municipality 'without a wallet'.*" It was noted in support of this opinion that in the past year the Municipality set apart BGN 1,000 to assist non-governmental organizations, the large part of which were allocated to the Gabrovo Theater. The Municipality itself is seeking assistance from foreign donors and local sponsors in order to cope with the shortage of funds in the spheres of social assistance, education, healthcare, culture, etc.

A Public Forum has been initiated in Gabrovo (with the assistance of Interassist, Switzerland) with the aim of determining the major municipal priorities, spheres of activity and worthwhile projects. The Public Forum involves representatives of Gabrovo Municipality, non-governmental organizations and local business, individual citizens. The discussions in the Public Forum are centered on a few major subject areas - tourism, development of the infrastructure (for example, in the Uzana tourist resort), healthcare, employment and leisure activities of young people, and others. The established dialogue between the representatives of Gabrovo Municipality, local business, and non-profit organizations may be used as a precondition for initiating a Community Fund, which is to mobilize local resources for

financing priority projects selected within the frames of the Public Forum.

The Municipality has also been cooperating with non-governmental organizations and foreign donors in raising additional funds for some organizations financed by the municipal budget, for instance, through the boards of trustees of hospitals, schools, social establishments, cultural institutions, etc. Joint projects have been implemented with NGOs for the training of unemployed women (with IMKA), a shelter for homeless children (with the Bulgarian Red Cross), Center for Assistance to Women and Children Victims of Abuse, and others.

E. Interest in the Community Fund Concept

Interest in the establishment of a Community Fund in Gabrovo can generally be said to be moderate. In the highest measure the concept met with approval among the active non-profit organizations such as Open Society Club, IMKA, Scout Tourist Club, and others. They see the benefits from the creation of a Community Fund in several main directions: first, joining the efforts of non-profit organizations, which presently find themselves in an "outsider position"; secondly, financial support for their activity; and thirdly, reducing their dependence on foreign donors. The Deputy Mayor Mr. Ganev, who attended the discussion, also supported the initiation of a Community Fund and expressed the readiness of the Municipality to provide facilities for its activity.

The most pronounced skepticism was expressed by the business representatives, to whom the very concept of a Community Fund is still novel and unusual. They still do not regard non-profit organizations as their equal counterpart and do not see the potential benefit from possible cooperation (for instance, using the international contacts of NGOs, their access to information, their qualified experts and consultants, etc.). Equally revealing of the attitude of the businesspersons to the idea of establishing a Community Fund was their passivity during the discussion staged, despite the declared agreement in principle with the other participants.

Fears were voiced that the model of direct donation, without intermediaries, has come to be established in Bulgaria and this, particularly in the initial phase of the activity of the Community Fund, could limit the scope of donor contributions. One possible solution suggested was to select two or three priority projects and launch large-scale fund-raising campaigns among the local business and population in order to secure their financing. By some estimates, in the first one or two years of its existence, the Community Fund could realistically be expected to raise USD 10-15,000 a year. Matching grants at a certain ratio (possibly 1:1 in the first two years) were expected to have a stimulating effect.

The view was expressed that it is necessary to secure effective management and "self-increment" of the funds raised by the Community Fund, as a means of guaranteeing its sustainability. It was suggested, for instance, to invest part of the funds raised with a view to using the future proceeds from the investments for the purposes of the Community Fund. Along the same lines, it was noted that direct social assistance has a short-term effect and the funds from the Community

Fund must therefore be directed at stimulating economic development, the education and professional training of young people, job creation. A different position was expressed by the representative of the charitable women's association Mother's Care, who believed the Community Fund must also be able to respond to arising urgent needs for assistance. In this context, the spending of the resources of the Community Fund was considered in three main respects: financing specific projects (about 70%), emergency aid (10%), investing in economically effective projects (20%).

The findings of the conducted preliminary study suggest the conclusion that in Gabrovo the leading role in the initiation of a Community Fund could be assumed by the more active non-governmental organizations and the most serious problem would be enlisting the support of the potential corporate donors. One obstacle to launching larger scale fund-raising campaigns is the prevalent skeptical and reserved popular attitude to the activity of non-profit organizations.

END OF SECTION VI.

SECTION VII.

SAMPLE COOPERATIVE AGREEMENT FORMAT

Subject: Cooperative Agreement No. _____

Dear _____:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development (hereinafter referred to as "USAID" or "Grantor") hereby grants to _____ (hereinafter referred to as "_____" or "Recipient"), the sum of \$_____ to provide support for the implementation of the Community Funds program, as described in Attachment 1, entitled "Schedule" and in Attachment 2, entitled "Program Description" of this award. As this award is incrementally funded, only the amount shown in Section 1.3.b. of the Agreement schedule has been obligated for use hereunder.

This award is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending _____. USAID shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount.

This award is made to _____, on condition that the funds will be administered in accordance with the terms and conditions as set forth in 22 CFR 226, entitled "Administration of Assistance Awards to U.S. Non-Governmental Organizations"; Attachment 1, entitled "Schedule"; Attachment 2, entitled "Program Description" and Attachment 3 entitled "Standard Provisions".

In the space provided below, please sign the original and each copy of this letter to acknowledge your acceptance of this award and return the original and all but one copy to the Agreement Officer.

Sincerely,

Andrew Holland
Agreement Officer
USAID/RSC - Budapest

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

The terms of this Agreement are acceptable to the Recipient:

BY: _____

TITLE: _____

DATE: _____

ACCOUNTING AND APPROPRIATION DATA

A. GENERAL

1. Total Estimated USAID Amount: \$
2. Total Obligated USAID Amount: \$
3. Cost-Sharing Amount (Non-Federal):\$
4. Activity Title:
5. USAID Technical Office: USAID/Bulgaria
c/o American Embassy Bulgaria
1 Soborna Street
1000 Sofia
Bulgaria
6. Tax I.D. Number:
7. DUNS No.:
8. Letter of Credit No.:

B. SPECIFIC

1. Request ID Number:
2. Organization ID: 183
3. Account Number:
4. Activity Number:
4. Resource Category:

ATTACHMENT 1

SCHEDULE

1.1 PURPOSE OF AGREEMENT

The purpose of this Agreement is to provide support for the program described in Attachment 2 of this Agreement entitled "Program Description."

1.2 PERIOD OF AGREEMENT

The effective date of this Agreement is the date of the Cover Letter and the completion date is _____.

Funds obligated hereunder are available for program Expenditures for the estimated period beginning the effective date of this Agreement through _____.

1.3 AMOUNT OF AWARD and PAYMENT

- (a) The total estimated amount of this Agreement is \$_____.
- (b) USAID hereby obligates the amount of \$_____ for purposes of this Agreement during the period set forth in 1.2 above and as shown in the Budget below. The recipient will be given written notice by the Agreement Officer if additional funds will be added. USAID is not obligated to reimburse the recipient for the expenditure of amounts in excess of the total obligated amount.
- (c) Payment shall be made to the Recipient in accordance with procedures set forth in 22 CFR 226.22.
- (d) Additional funds up to the total amount of the grant shown in paragraph (a) above may be obligated by USAID subject to the availability of funds, satisfactory progress of the program, and continued relevance to the USAID programs.

1.4 BUDGET

The following is the Agreement Budget*. Revisions to this budget shall be made in accordance with 22 CFR 226.25.

<u>Line Item</u>	<u>Amount</u>
------------------	---------------

Salaries/Wages	
Fringe Benefits	
Travel/Per Diem	
Other Direct Costs	
Total Direct Cost	
Overhead	
G&A	
Subgrants	

Total Estimated Cost

USAID Total Contribution:

Total Cost Share

Total Program Cost

*Note: This is an illustrative, it may contain different Line Items.

1.5 REPORTING AND EVALUATION

1.5.1 Financial Reporting

The recipient shall submit the original and two (2) copies quarterly. Financial Reports shall be in keeping with 22 CFR 226.52.

In accordance with 22 CFR 226.52 the SF 269 and 272 will be required on a quarterly basis. The recipient shall submit these forms in the following manner:

- (1) The SF 272 and 272a (if necessary) will be submitted via electronic format to the U.S. Department of Health and Human Services (<http://www.dpm.psc.gov>). A copy of this form shall also be simultaneously submitted to the Cognizant Technical Officer and the Agreement Officer .
- (2) The SF 269 or 269a (as appropriate) shall be submitted to the Cognizant Technical Officer and the Agreement Officer.

1.5.2 Monitoring and Reporting Program Performance

(a) Performance Reporting

The recipient shall submit quarterly performance reports based on USAID's fiscal years quarters (October - December, January - March, April - June, July - September). These reports must summarize Recipient's activities, including discussion of any potential constraints that might prevent the Recipient from meeting agreed upon targets and benchmarks. Each quarterly report will be due 30 days after the end of the quarter then ended.

(b) Annual Progress Report:

The report will be included in the fourth quarterly report. This report will summarize the Recipient activities during the year, identify, include annual performance indicator data and an assessment of the programs ability to achieve the desired results. The report shall coincide with the US Government Fiscal Year. Annual reports are due 30 days after the end of the fiscal year.

(c) Final Report

The last quarterly report will include (a) a summary of all activities conducted during the life of the Cooperative Agreement, (b) an assessment of effectiveness against objectives for the overall program and for each component, and (c) recommendations for possible future assistance. The report must

elaborate the issues and problems that emerged during program implementation, and discuss the lessons learned in dealing with them. The final report must also include a financial report detailing how funds were expended by line item.

1.6 SIGNIFICANT INVOLVEMENT BY USAID

USAID/Bulgaria considers substantial involvement crucial for the successful implementation of this pilot program. Substantial involvement shall include:

1. Approval of annual workplans/implementation plans and evaluation and monitoring plans; significant changes to the approved workplan will require additional approval.
2. Approval of key personnel. For the purposes of this agreement, the Director and the key coordinators of the program by the implementing organization are considered key personnel.
3. All approvals shall be in writing, hardcopy or e-mail, a copy retained at USAID/Bulgaria, and a copy sent to the Regional Contracting Officer/Budapest.
4. Joint participation. Agency and Recipient must collaborate and participate jointly in key stages of the program. This might include participation on committees, approval of subawards, approval of selections of organizations, etc. this clause will be negotiated and finalized at the time of signing of the cooperative agreement.

1.7 INDIRECT COSTS

Pursuant to the Optional Standard Provision of this Award entitled Negotiated Indirect Cost Rates - PROVISIONAL, an indirect cost rate shall be established for each of the Recipient's accounting periods which apply to this Award. Pending establishment of final or revised PROVISIONAL indirect cost rates, PROVISIONAL payments on account of allowable costs shall be made on the basis of the following negotiated PROVISIONAL rate(s) applied to the base(s) which is (are) set forth below:

Rate	Base	Period
		1/
		From: Agreement Effective
date	To: Until Rate is Amended	

1/ Base of Application: TO BE DETERMINED

1.8 TITLE TO AND CARE OF PROPERTY

Title to all property financed under this award shall vest in the Recipient subject to the requirements of 22CFR226.30 through 37.

1.9 AUTHORIZED GEOGRAPHIC CODE

The authorized geographic code for procurement of goods and services under this award is Code 000 and 183, unless waived by USAID.

1.10 COST SHARING

The Recipient agrees to provide cost sharing in an amount not less than _____ of the total activity costs. Cost sharing contributions shall meet the criteria as set out in 22 CFR 226.23.

1.11 PROGRAM INCOME

The Recipient shall account for Program Income in accordance with 22 CFR 226.24. Program Income earned under this award shall be applied and used as additive to the Agreement to further the Program objectives.

1.12 KEY PERSONNEL

The following positions are considered key to the successful completion of the project described in this Agreement. The named personnel are approved and the Recipient agrees to submit to USAID for approval any proposed replacement for any of the persons named below.

Position

Name

TO BE DETERMINED

1.13 RESOLUTION OF CONFLICTS

Conflicts between any of the Attachments of this Agreement shall be resolved by applying the following descending order of precedence:

Attachment 1 - Schedule
22 CFR 226
Attachment 3 - Standard Provisions
Attachment 2 - Program Description

1.14 PAYMENT OFFICE

USAID
FA/FM/CMP/DC
RRB, Room 7.07.095
1300 Pennsylvania Avenue
Washington, D.C. 20523-7700
U.S.A.

END OF SECTION VII.

SECTION VIII.

CERTIFICATIONS, ASSURANCES AND OTHER - STATEMENTS OF APPLICANTS

The following required certifications and representations must be included in the Applicant cost proposal. For your convenience, the certifications and representations are attached to this RFA with the exception of the certification entitled "Prohibition on Assistance to Drug Traffickers." This certification can be found at the address indicated under paragraph (f).

- a) A signed copy of the "Assurance of Compliance with Laws and Regulations Governing Nondiscrimination in Federally Assisted Programs" (**See Mandatory Reference, [Assurance of Compliance with Laws and Regulations Governing Nondiscrimination in Federally Assisted Programs](#)**). All U.S. organizations are required to comply with this certification;
- b) A signed copy of the "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction" (**See Mandatory Reference, [22 CFR 208, Appendix A](#)**);
- c) A signed copy of the "Certification Regarding Debarment, Suspension and Other Responsibility Matters - Lower Tier Covered Transactions" from all prospective lower tier participants (**See Mandatory Reference, [22 CFR 208, Appendix B](#)**);
- d) A signed copy of the "Certification Regarding Drug Free Workplace Requirements" (**See Mandatory Reference, [22 CFR 208, Appendix C](#)**); and
- e) A signed copy of the certification and disclosure forms for "Restrictions on Lobbying" (**See Mandatory Reference, [22 CFR 227](#)**).
- f) A signed copy of the "Prohibition on Assistance to Drug Traffickers" for "Covered" Countries as detailed in ADS 206 at:

<http://www.usaid.gov/pubs/ads/200/20657m1.pdf>
<http://www.usaid.gov/pubs/ads/200/20657m2.pdf>



U.S. Agency for International Development

CERTIFICATIONS, ASSURANCES, AND OTHER STATEMENTS OF RECIPIENT^{2 3}

PART I - CERTIFICATIONS AND ASSURANCES

1. ASSURANCE OF COMPLIANCE WITH LAWS AND REGULATIONS GOVERNING NON-DISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS

(a) The recipient hereby assures that no person in the United States shall, on the bases set forth below, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under, any program or activity receiving financial assistance from USAID, and that with respect to the grant for which application is being made, it will comply with the requirements of:

(1) Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352, 42 U.S.C. 2000-d), which prohibits discrimination on the basis of race, color or national origin, in programs and activities receiving Federal financial assistance;

(2) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination on the basis of handicap in programs and activities receiving Federal financial assistance;

(3) The Age Discrimination Act of 1975, as amended (Pub. L. 95-478), which prohibits discrimination based on age in the delivery of services and benefits supported with Federal funds;

(4) Title IX of the Education Amendments of 1972 (20 U.S.C. 1681, et seq.), which prohibits discrimination on the basis of sex in education programs and activities receiving Federal financial assistance (whether or not the programs or activities are offered or sponsored by an educational institution); and

(5) USAID regulations implementing the above nondiscrimination laws, set forth in Chapter II of Title 22 of the Code of Federal Regulations.

(b) If the recipient is an institution of higher education, the Assurances given herein extend to admission practices and to all other practices relating to the treatment of students or clients of the institution, or relating to the opportunity to participate in the provision of services or other benefits to such individuals, and shall be applicable to the entire institution unless the recipient establishes to the satisfaction of the USAID Administrator that the institution's practices in designated parts or programs of the institution will in no way affect its practices in the program of the institution for which financial assistance is sought, or the beneficiaries of, or participants in, such programs.

(c) This assurance is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts, or other Federal financial assistance extended after the date hereof to the recipient by the Agency, including installment payments after such date on account of applications for Federal financial assistance which were approved before such date. The recipient recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this Assurance, and that the United States shall have the right to seek judicial enforcement of this Assurance. This Assurance is binding on the recipient, its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this Assurance on behalf of the recipient.

2. CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

(a) Instructions for Certification

²FORMATS\GRNTCERT: Rev. 06/16/97 (ADS 303.6, E303.5.6a)

³When these Certifications, Assurances, and Other Statements of Recipient are used for cooperative agreements, the term "Grant" means "Cooperative Agreement".

(1) By signing and/or submitting this application or grant, the recipient is providing the certification set out below.

(2) The certification set out below is a material representation of fact upon which reliance was placed when the agency determined to award the grant. If it is later determined that the recipient knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

(3) For recipients other than individuals, Alternate I applies.

(4) For recipients who are individuals, Alternate II applies.

(b) Certification Regarding Drug-Free Workplace Requirements

Alternate I

(1) The recipient certifies that it will provide a drug-free workplace by:

(A) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the applicant's/grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(B) Establishing a drug-free awareness program to inform employees about--

1. The dangers of drug abuse in the workplace;
2. The recipient's policy of maintaining a drug-free workplace;
3. Any available drug counseling, rehabilitation, and employee assistance programs; and
4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(C) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (b)(1)(A);

(D) Notifying the employee in the statement required by paragraph (b)(1)(A) that, as a condition of employment under the grant, the employee will--

1. Abide by the terms of the statement; and
2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;

(E) Notifying the agency within ten days after receiving notice under subparagraph (b)(1)(D)1. from an employee or otherwise receiving actual notice of such conviction;

(F) Taking one of the following actions, within 30 days of receiving notice under subparagraph (b)(1)(D)2., with respect to any employee who is so convicted--

1. Taking appropriate personnel action against such an employee, up to and including termination; or
2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

(G) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (b)(1)(A), (b)(1)(B), (b)(1)(C), (b)(1)(D), (b)(1)(E) and (b)(1)(F).

(2) The recipient shall insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

Alternate II

The recipient certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance in conducting any activity with the grant.

3. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS -- PRIMARY COVERED TRANSACTIONS⁴

(a) Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to whom this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meaning set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549.⁵ You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transaction,"⁶ provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the methods and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

⁴The recipient must obtain from each identified subgrantee and (sub)contractor, and submit with its application/proposal, the Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion -- Lower Tier Transactions, set forth in Attachment A hereto. The recipient should reproduce additional copies as necessary.

⁵See ADS Chapter E303.5.6a, 22 CFR 208, Annex 1, App A.

⁶For USAID, this clause is entitled "Debarment, Suspension, Ineligibility, and Voluntary Exclusion (March 1989)" and is set forth in the grant standard provision entitled "Debarment, Suspension, and Related Matters" if the recipient is a U.S. nongovernmental organization, or in the grant standard provision entitled "Debarment, Suspension, and Other Responsibility Matters" if the recipient is a non-U.S. nongovernmental organization.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealing.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

(b) Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, the it and its principals:

(A) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

(B) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(C) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(B) of this certification;

(D) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

4. CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities,"⁷ in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, United States Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that: If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

⁷See Attachment B.

5. CERTIFICATION OF RECIPIENT

The recipient certifies that it has reviewed and is familiar with the proposed grant format and the regulations applicable thereto, and that it agrees to comply with all such regulations, except as noted below (use a continuation page as necessary):

Solicitation No.
Application/Proposal No.
Date of Application/Proposal
Name of Recipient

Typed Name and Title

Signature _____ Date

PART II**OTHER STATEMENTS OF RECIPIENT****1. AUTHORIZED INDIVIDUALS**

The recipient represents that the following persons are authorized to negotiate on its behalf with the Government and to bind the recipient in connection with this application or grant:

<u>Name</u>	<u>Title</u>	<u>Telephone No.</u>	<u>Facsimile No.</u>
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2. TAXPAYER IDENTIFICATION NUMBER (TIN)

If the recipient is a U.S. organization, or a foreign organization which has income effectively connected with the conduct of activities in the U.S. or has an office or a place of business or a fiscal paying agent in the U.S., please indicate the recipient's TIN:

TIN:

3. CONTRACTOR IDENTIFICATION NUMBER-DATA UNIVERSAL NUMBERING SYSTEM (DUNS) NUMBER

(a) In the space provided at the end of this provision, the recipient should supply the Data Universal Numbering System (DUNS) number applicable to that name and address. Recipients should take care to report the number that identifies the recipient's name and address exactly as stated in the proposal.

(b) The DUNS is a 9-digit number assigned by Dun and Bradstreet Information Services. If the recipient does not have a DUNS number, the recipient should call Dun and Bradstreet directly at 1-800-333-0505. A DUNS number will be provided immediately by telephone at no charge to the recipient. The recipient should be prepared to provide the following information:

- (1) Recipient's name.
- (2) Recipient's address.
- (3) Recipient's telephone number.
- (4) Line of business.
- (5) Chief executive officer/key manager.
- (6) Date the organization was started.
- (7) Number of people employed by the recipient.
- (8) Company affiliation.

(c) Recipients located outside the United States may obtain the location and phone number of the local Dun and Bradstreet Information Services office from the Internet Home Page at <http://www.dbisna.com/dbis/customer/custlist.htm>. If an offeror is unable to locate a local service center, it may send an e-mail to Dun and Bradstreet at globalinfo@dbisma.com.

The DUNS system is distinct from the Federal Taxpayer Identification Number (TIN) system.

DUNS:

4. LETTER OF CREDIT (LOC) NUMBER

If the recipient has an existing Letter of Credit (LOC) with USAID, please indicate the LOC number:

LOC: 72-00-

5. PROCUREMENT INFORMATION

(a) Applicability. This applies to the procurement of goods and services planned by the recipient (i.e., contracts, purchase orders, etc.) from a supplier of goods or services for the direct use or benefit of the recipient in conducting the program supported by the grant, and not to assistance provided by the recipient (i.e., a subgrant or subagreement) to a subgrantee or subrecipient in support of the subgrantee's or subrecipient's program. Provision by the recipient of the requested information does not, in and of itself, constitute USAID approval.

(b) Amount of Procurement. Please indicate the total estimated dollar amount of goods and services which the recipient plans to purchase under the grant:

 \$

(c) Nonexpendable Property. If the recipient plans to purchase nonexpendable equipment which would require the approval of the Agreement Officer, please indicate below (using a continuation page, as necessary) the types, quantities of each, and estimated unit costs. Nonexpendable equipment for which the Agreement Officer's approval to purchase is required is any article of nonexpendable tangible personal property charged directly to the grant, having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

<u>Type/Description (Generic)</u>	<u>Quantity</u>	<u>Estimated Unit Cost</u>
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(d) Source, Origin, and Componentry of Goods. If the recipient plans to purchase any goods/commodities which are not of U.S. source and/or U.S. origin, and/or does not contain at least 50% componentry which are not at least 50% U.S. source and origin, please indicate below (using a continuation page, as necessary) the types and quantities of each, estimated unit costs of each, and probable source and/or origin, to include the probable source and/or origin of the components if less than 50% U.S. components will be contained in the commodity. "Source" means the country from which a commodity is shipped to the cooperating country or the cooperating country itself if the commodity is located therein at the time of purchase. However, where a commodity is shipped from a free port or bonded warehouse in the form in which received therein, "source" means the country from which the commodity was shipped to the free port or bonded warehouse. Any commodity whose source is a non-Free World country is ineligible for USAID financing. The "origin" of a commodity is the country or area in which a commodity is mined, grown, or produced. A commodity is produced when, through manufacturing, processing, or substantial and major assembling of components, a commercially recognized new commodity results, which is substantially different in basic characteristics or in purpose or utility from its components. Merely packaging various items together for a particular procurement or relabeling items does not constitute production of a commodity. Any commodity whose origin is a non-Free World country is ineligible for USAID financing. "Components" are the goods which go directly into the production of a produced commodity. Any component from a non-Free World country makes the commodity ineligible for USAID financing.

<u>Type/Description (Generic)</u>	<u>Quantity</u>	<u>Estimated Unit Cost</u>	<u>Probable Source Goods</u>	<u>Probable Source Components</u>	<u>Probable Origin Goods</u>	<u>Probable Origin Components</u>
-----------------------------------	-----------------	----------------------------	------------------------------	-----------------------------------	------------------------------	-----------------------------------

(e) Restricted Goods. If the recipient plans to purchase any restricted goods, please indicate below (using a continuation page, as necessary) the types and quantities of each, estimated unit costs of each, intended use, and probable source and/or origin. Restricted goods are Agricultural Commodities, Motor Vehicles, Pharmaceuticals, Pesticides, Rubber Compounding Chemicals and Plasticizers, Used Equipment, U.S. Government-Owned Excess Property, and Fertilizer.

<u>Type/Description (Generic)</u>	<u>Quantity</u>	<u>Estimated Unit Cost</u>	<u>Intended Use</u>	<u>Probable Source</u>	<u>Probable Origin</u>
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(f) Supplier Nationality. If the recipient plans to purchase any goods or services from suppliers of goods and services whose nationality is not in the U.S., please indicate below (using a continuation page, as necessary) the types and quantities of each good or service, estimated costs of each, probable nationality of each non-U.S. supplier of each good or service, and the rationale for purchasing from a non-U.S. supplier. Any supplier whose nationality is a non-Free World country is ineligible for USAID financing.

<u>Type/Description (Generic)</u>	<u>Quantity</u>	<u>Estimated Unit Cost</u>	<u>Probable Supplier Nationality (Non-U.S. Only)</u>	<u>Rationale for non-U.S.</u>
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(g) Proposed Disposition. If the recipient plans to purchase any nonexpendable equipment with a unit acquisition cost of \$5,000 or more, please indicate below (using a continuation page, as necessary) the proposed disposition of each such item. Generally, the recipient may either retain the property for other uses and make compensation to USAID (computed by applying the percentage of federal participation in the cost of the original program to the current fair market value of the property), or sell the property and reimburse USAID an amount computed by applying to the sales proceeds the percentage of federal participation in the cost of the original program (except that the recipient may deduct from the federal share \$500 or 10% of the proceeds, whichever is greater, for selling and handling expenses), or donate the property to a host country institution, or otherwise dispose of the property as instructed by USAID.

<u>Type/Description (Generic)</u>	<u>Quantity</u>	<u>Estimated Unit Cost</u>	<u>Proposed Disposition</u>
-----------------------------------	-----------------	----------------------------	-----------------------------

6. PAST PERFORMANCE REFERENCES

On a continuation page, please provide a list of the ten most current U.S. Government and/or privately-funded contracts, grants, cooperative agreements, etc., and the name, address, and telephone number of the Contract/Agreement Officer or other contact person.

7. TYPE OF ORGANIZATION

The recipient, by checking the applicable box, represents that -

(a) If the recipient is a U.S. entity, it operates as ☐ a corporation incorporated under the laws of the State of , ☐ an individual, ☐ a partnership, ☐ a nongovernmental nonprofit organization, ☐ a state or local governmental organization, ☐ a private college or university, ☐ a public college or university, ☐ an international organization, or ☐ a joint venture; or

(b) If the recipient is a non-U.S. entity, it operates as ☐ a corporation organized under the laws of (country), ☐ an individual, ☐ a partnership, ☐ a nongovernmental nonprofit organization, ☐ a nongovernmental educational institution, ☐ a governmental organization, ☐ an international organization, or ☐ a joint venture.

8. ESTIMATED COSTS OF COMMUNICATIONS PRODUCTS

The following are the estimate(s) of the cost of each separate communications product (i.e., any printed material [other than non-color photocopy material], photographic services, or video production services) which is anticipated under the grant. Each estimate must include all the costs associated with preparation and execution of the product. Use a continuation page as necessary.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion
Lower Tier Covered Transactions

(a) Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, has the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. ^{1/} You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier covered Transaction," ^{2/} without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Non procurement List.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

^{1/} See ADS Chapter 303, 22 CFR 208.

^{2/} For USAID, this clause is entitled "Debarment, Suspension, Ineligibility, and Voluntary Exclusion (March 1989)" and is set forth in the USAID grant standard provision for U.S. nongovernmental organizations entitled "Debarment, Suspension, and Related Matters" (see ADS Chapter 303), or in the USAID grant standard provision for non-U.S. nongovernmental organizations entitled "Debarment, Suspension, and Other Responsibility Matters" (see ADS Chapter 303).

(b) Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Solicitation No.

Application/Proposal No.

Date of Application/Proposal

Name of Applicant/Subgrantee

Typed Name and Title

Signature _____ Date

CERTIFICATE FOR SMALL AND PRIVATE VOLUNTARY ORGANIZATION

This is to certify that, to the best of my knowledge and belief, that the organization's total annual revenue under line 12 on the organization's IRS Form 990 Report as reported in their audited financial statements, averaged over the immediate past three statements, is less than six million dollars.

FIRM: _____

NAME: _____

TITLE: _____

DATE OF EXECUTION: _____

END OF SECTION VIII.